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## A NEW SME STRATEGY: For an inclusive SME strategy at EU level

*Cooperatives Europe is the European cross-sectoral organization representing more than 176.000 cooperative enterprises in Europe, from 34 European countries. Our members are diverse and active in all economic activities (industry & services, energy, housing, agriculture, banking, consumer and pharmaceuticals). As local anchored businesses, we advocate for an economy that serves people.*

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Cooperatives Europe welcomes the European Commission's initiative to launch a specific strategy for SMEs in the EU, as there is a necessity to develop and implement an inclusive, efficient and comprehensive SME strategy to allow all types of businesses – including cooperative enterprises – to grow and scale up in the EU market economy. This the reason why this SME Strategy should ensure a level playing field among the diversity of SMEs in the EU Single Market.

### 1. Green transition

European SMEs should benefit from the right framework and support structures when being greener, as well in the transition phase to become greener. The biggest obstacle in becoming more environmentally sustainable is usually a question of changing productive mechanisms that are very often rooted in enterprises. It involves restructuring jobs and sometimes the number of jobs.

Furthermore, every transformation requires investments. The Green Deal measures foresee specific financial support for such investments. Cooperatives Europe suggests adopting, as an example, a specific financing programme for micro SMEs to support them in energy saving actions.

*For more information on the **Green transition**, please refer to our extend position paper on the EU SME strategy.*

### 2. Digitalisation

Digital transition is rightfully the flagship priority of the European Commission to develop competitive SMEs in Europe. Digitalisation represents at the same time an opportunity for SMEs to innovate and expand their activities, but it entails a cost and a challenge for them as well in terms of resources, organisation of business activities, etc.

Cooperatives Europe advocates for a holistic approach among all measures and services of the European Commission to ensure that new legislation, which should not be burdensome, is designed for an enabling digital business environment and a flexible enough regulatory framework. Additionally, considering that SMEs are not homogenous in terms of internal capacity and resources and range from microenterprises to medium sized companies, tailored support measures according to their level of digitalisation and size are essential. In this regard, Cooperatives Europe suggests establishing a web-

based intranet and exchange forum for SMEs in order to provide a platform through which SMEs can exchange on digitalisation.

*For more information on the **Digitalisation transformation**, please refer to our extend position paper on the EU SME strategy.*

### **3. Access to finance**

Access to finance, long-term financing and equity investment are pre-conditions for all SMEs to be able to start and scale-up their activities.

The provision of loans by banks is not problematic in most European countries. However, the issue stems from *first* the lack of knowledge of the various funding supports available for SMEs, including cooperatives. *Then* cooperatives' structural difference combined with strict governance rules make them less attractive to financial investors resulting in greater difficulties to access capital.

Therefore, actions are needed to ensure that cooperatives are specifically promoted as eligible recipients of funding, across all financial instruments and support measures and expand the current funding sources to cooperatives, in order for them to have access to venture capital in the capital markets.

*For more information on **Access to finance**, please refer to our extend position paper on the EU SME strategy.*

### **4. An adapted regulation for SMEs**

An adapted regulation should consider the new needs of SMEs and avoid over-regulatory barriers for SMEs; especially considering that small enterprises do not have the capacity to fulfil overloaded regulations.

The "Think Small First" principle should be applied more thoroughly when preparing initiatives, in particular through the SME test. The quality of SME Tests on legislative proposals must be improved, and comply with article 54 of TFEU, those tests should also analyse the possible effects of EU's legislative proposals on all types of SMEs, including cooperative SMEs.

*For more information on **a conducive regulatory environment for SMEs**, please refer to our extend position paper on the EU SME strategy.*

### **5. Promoting entrepreneurship**

Promoting entrepreneurship is yet to be included in the agenda, where all business models and sectors of activity are considered valuable. In that context specific measures on education or support services should be better developed for cooperatives; for example, the European Enterprise Network could include a cooperative dimension or include specific features such as cooperative governance in the curricula of the educational institutions for 'cooperative-friendly' entrepreneurial policies.

The next SME strategy should support an EU-wide matching platform for universities and business schools focusing on business transfer. This would help to promote business transfers to employees under the cooperative form in countries where obstacles exist.

*For more information on **Promoting entrepreneurship**, please refer to our extend position paper on the EU SME strategy.*

Implementation of the SME strategy will require coordination among DGs within the European Commission and with Members States for implementing it. Moreover, further coordination is necessary with business organisations in terms of implementing and assessing the SME strategy. In this regard the role of the SME Envoy should be confirmed and even strengthened.

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