



PUTTING SMES AT THE HEART OF THE EU POLITICAL AGENDA

Small and medium-sized enterprises represent the backbone of the European industry, a widespread presence which should increasingly become the source of cultural inspiration and take a central place in the different EU policies, starting by the industrial policy.

For this reason, Piccola Industria Confindustria, building on the inputs received by its regional and territorial branches, has identified a set of priorities and proposals aiming at supporting the development of SMEs and their organisational and dimensional growth.

In an increasingly challenging, competitive context, marked by geopolitical constraints, the launch of a new European institutional cycle should be taken as an opportunity starting by the acknowledgement of the key role that SMEs play and of the need to define an *ad hoc* strategy, whose perimeter should be determined by leaving basically unchanged the current SME definition.

Putting SMEs at the heart of EU policies means measuring, identifying and deciding the main areas where specific action is required.

SMALL BUSINESS ACT

The Small Business Act (SBA) needs to be updated and adapted to the new needs, identifying an effective governance and monitoring model, both at European and national level. The SBA and its implementation should become a priority again and be recognized as a strategic instrument to support SMEs development.

INVESTMENT SUPPORT

Incentive measures, "tailored to SMEs" and characterized by simple and, where possible, automatic solutions, should be strongly encouraged. Moreover, it appears necessary to:

- simplify the procedures for accessing EU funds by facilitating and favouring the participation of smaller companies and reducing the "burdens" for beneficiaries. In this regard, a larger use of European funds, in particular the Structural Funds, via tax credit or other automatic financing mechanisms should be promoted;
- exploit projects which have been positively evaluated but not financed in the context of European call for proposals, extending the Seal of excellence to financing programmes that at present do not foresee this possibility. Also, rewarding mechanisms for these "Seal of excellence projects" should be ensured at regional or national level;
- make EU financing programs more synergic in order to achieve greater impact, significant critical mass and effective use of available resources.

SUPPORT CREDIT ACCESS

Improving SMEs access to credit is crucial: due to their nature and size small enterprises have to consider liquidity and access to credit or to alternative financing as key elements of their investments strategies. To this end, it is necessary to:

- face the late payments issue, in particular those from Public Administrations, in compliance with the Late Payment directive;
- promote alternative sources of financing that are accessible, "SME-sized" and sustainable;

- enhance the qualitative elements in the assessment banks have to make of the creditworthiness, to fully grasp the potential of SMEs to grow and develop.

RESILIENCE

Resilience and prevention against natural disasters are crucial activities to guarantee either the *business continuity* and enhance innovative business models, needed to make businesses, economic systems and communities less fragile. To increase the implementation of prevention approaches and give substance to resilience policies, it appears important to:

- encourage the introduction in the companies of risk assessment activities in order to increase risk awareness and preventive control;
- reward investments addressed to reducing the risk of damage from catastrophes through appropriate incentives and automatic financing instruments (such as tax credit), defining them in a way that does not constitute State Aid;
- support public-private investments (also in micro infrastructures) by companies that are ready to intervene to make State owned properties, located next to business plants, more secure;
- devote part of the resources of the Structural Funds to the reduction of risks deriving from natural disasters;
- include the attention to resilience and prevention among the policies of the renewed Small Business Act;
- support, in a phase “post-disaster”, the re-launch of territories hit by natural disasters, giving them the status of less developed regions or of regions characterized by structural difficulties;
- raise awareness on the threats associated to the information and communication technologies, stimulating investments in the cyber-security area and increasing the security level of SMEs.

SKILLS

Skills are fundamental to face future challenges and guarantee a sustainable growth. To this end, it is necessary to support SMEs in acquiring and retaining more qualified profiles and in enhancing the knowledge base of enterprises, in particular:

- promoting the business culture and life-long learning either of entrepreneurs and employees;
- encouraging the inclusion, even on a temporary basis, of managerial profiles in SMEs so as to help and support them to face the difficulties related to aspects such as export, digitalization, internationalization, financial management, lean management, sustainability;
- excluding training investments from State Aid, taking into account that training has a positive effects on the professional skills of the individual workers;
- favouring the contamination, collaboration and exchange of ideas among SMEs. To this end, it appears necessary to push for a rationalization of the existing European financing programs dedicated to SMEs mobility, putting a stronger not only on the business owners but also on the employees. More clarity and coordination should be ensured via a single access point to these programs.

INNOVATION

Innovation and digital transformation are and will be the main drivers for growth of both manufacturing and services enterprises, especially the smaller ones. However, SMEs are currently struggling to finance and support this transformation. To make these processes more efficient, it is necessary to:

- focus on the role that Digital Innovation Hubs may play within the Digital Europe Program to support SMEs, starting by enhancing existing best practices. This is why

it will be important to use inclusive and flexible criteria in the selection process of DIH which intend to participate to the Program;

- support collaboration and partnerships between consolidated SMEs and start-ups, also by incentivising Corporate Venture Capital and fostering cooperation between universities and SMEs.

INTERNATIONALIZATION

Opening up to international markets is an essential condition to sustain the competitive capacity of SMEs. Access to foreign markets represent a real possibility of growth in comparison with limits of domestic market. For this reason, it is important to:

- negotiate new EU Free Trade agreements providing a specific chapter dedicated to SMEs and standardized rules and access procedures;
- enhance SMEs awareness about existing Free Trade Agreements and their opportunities and simplify their use;
- guarantee framework conditions allowing European companies to compete on a level playing field with the third countries companies and harmonize the European legislative and regulatory framework, favouring easy rules and reducing the difficulty to access new markets deriving from national constraints.