



Entrepreneurship – the superpower of European competitiveness

The entrepreneurial mindset is written in European DNA. SMEs represent over 99% of companies in the EU, provide 100 million jobs (2/3 of private sector) and account for more than half of Europe's GDP. SMEs' collective share in total emissions of companies is 63%. This is why European SMEs have huge potential to deliver the twin transition, create new innovations, sustainable growth and jobs in Europe.

During the next EU mandate 2024-2029 we want to see European competitiveness highest up on the political agenda and the SME relief package put into practice. Therefore, we call for common European actions to enhance the competitiveness of the European economy by boosting the growth of our SMEs.

FINNISH INDUSTRIES CALL FOR EU ACTIONS TO BOOST SMES' GROWTH

Better and streamlined regulation boosts competitiveness of the SMEs

- Based on the SME Relief Package announced in September 2023, EU should commit to reach minimum 25% reduction target of the SMEs' reporting obligations during the next EU mandate 2024-2029. The development of this target should be reviewed on an annual basis.
- EU institutions must rigorously conduct impact assessments for all legislative proposals. SME and competitiveness tests need to be fully implemented, considering both the direct and indirect, as well as cumulative effects on SMEs. Draft legislation will also undergo a quality review by the Regulatory Scrutiny Board (RSB). The Commission's SME Envoy should be able to participate in the RSB and ensure thorough scrutiny of proposals relevant to SMEs. Any proposal that fails to meet quality standards should not advance in the legislative process.
- Regularly improve and review existing and upcoming legislation to assess whether it serves its original purpose. Consider the reviews of the FF4F-platform.
- Take actions to implement an AI-driven system to quantify and chart the regulatory load on businesses, particularly SMEs. This assessment will establish a benchmark and monitoring mechanism for the Commission's objective to reduce reporting obligations. Real-time awareness and understanding of the overall cumulative regulatory burden will ensure the project's prominence on the EU agenda and enhance its chances of success. Tangible reductions should significantly alleviate the day-to-day operational pressures on companies.
- Utilize advanced digital solutions to alleviate the mounting administrative pressure faced by SMEs. Implement a once-only reporting system through a digital platform. Establish standardized requirements for SME reporting under EU regulations and develop a digital data space that enables SMEs and other companies to submit their information just once. This portal should facilitate companies in determining their specific obligations and grant control over who can access their data (e.g., sharing data with large companies, the EU, or statistical entities).
- The role and powers of the EU's SME envoy need to be clearly defined and coordinated with national envoys. When continuing the work on the revision of Late Payments, B-to-B freedom of contract must be protected.

The voice of Finnish business – Confederation of Finnish Industries (EK) represents the interests of Finnish businesses in all sizes and sectors. 96 % of our members are small and medium sized (SME) companies. ek.fi/en

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MISSION: THRIVING EUROPE

Promote SMEs' access to finance for investment, twin transition and growth

- The European Investment Bank (EIB) and European Investment Fund's (EIF) funding needs to be further allocated to support SMEs in the twin transition and growth. This should be implemented by providing guarantees, project financing and other funding to the Export Credit Agencies (ECAs), other national level financial institutions and commercial banks in the member states.
- EU should establish an export credit guarantee instrument scheme to support SME exports. This should be implemented in cooperation with the national ECAs. The EU export credit pilot scheme, which supports SME exports to Ukraine, serves as an example of such an instrument.
- The EU needs to avoid overregulating the financial market, as this could directly and indirectly affect SMEs' access to funding.
- The Framework Programme (Horizon Europe and following FP10) needs to be re-focused to its initial purpose, to strengthen industrial competitiveness of Europe through RD&I including SMEs. For this purpose, framework programmes must be drafted in close dialogue with industry, and they should contain specific programmes dedicated only for SMEs.
- To strengthen the SMEs level playing field in the Single Market, the EU should establish an EU-level financial instrument to support investments that are critical to European strategic competitiveness. This instrument's funds should be awarded on the basis of excellence to the best ideas.

Skills to support the twin transition of SMEs

- The EU should strive to strengthen the 'internal market for skills' to address skills shortages. Training needs to better match business needs and new skills required for the twin transition. Increase the labour mobility by extending and strengthening the Erasmus+ program.
- Artificial Intelligence (AI) has great potential to increase productivity. Less than 10% of SMEs currently use AI. The uptake of AI and data tools in SMEs will require business-driven skills development based on peer learning, on-job-learning, sharing of good practices, testing, experimentation and developing of business-driven cooperation with educational institutions. In order to increase the deployment of AI, the Digital Europe Program (DEP) resources should be directed towards the deployment and utilization of artificial intelligence, cybersecurity and innovative solutions for digital work.
- Support SMEs in recruiting talent from abroad. The proposed EU regulation to create an EU Talent Pool should be finalised and all member states' participation in it should be promoted. This would support international recruiting especially for SMEs which may not have the resources to seek professionals from outside the EU.
- Promote smooth transfers of employer companies' ownership on EU-level so that viable businesses can continue to create added value for its employees, community and economy. This could be done by updating the recommendation on business transfers, by guiding resources for awareness raising through research and by creating a European-level digital trading platform. Member states should be encouraged to educate future entrepreneurs of the attractiveness of acquiring an existing business.

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