



To
Charles Michel
President European Council
Rue de la Loi 175
1048 Brussels

Brussels, 14 June 2024
Prot.032

SMEUnited priorities for the EU Strategic Agenda 2024-2029

Dear Mr Michel,

The members of SMEUnited, the association of Crafts and SMEs in Europe, at their General Assembly today, discussed the key priorities for entrepreneurs, craftswomen and -men and small businesses for the new legislative term. We ask you to include their priorities in your final discussions on the EU Strategic Agenda 2024-2029.

SMEUnited members welcome the priority given to Europe's economic dimension and in particular the call for a European Competitiveness Deal adopted at the Special European Council meeting on 18 April 2024. European competitiveness hinges on the 24.3 million Small and Medium Enterprises, representing 99.8% of all European companies. As their representative voice in Brussels, the members of the SMEUnited General Assembly call for:

Apply consistently the “Think Small First” Principle: Although the principle has been established by the Small Business Act since 2008, EU-legislation and policy is still developed on the basis of the 0.2% large companies, whilst the 24.3 million SMEs have to comply with the same rules, more often than not unsuitable for their reality. In order to strengthen the European Competitiveness, legislation must be made on the basis of the capacity of the smallest companies. Additional layers and provisions may then be added if stricter requirements are necessary due to size and impact of the business.

Reduce the bureaucratic burden for SMEs: The strict implementation of the SME test remains central to better law making for the future, as well the competitiveness check and the application of the once only principle at European and Member State level. Furthermore, implementing the Dynamic Impact Assessment (DIA) proposed in the Letta report, should guarantee that substantive changes proposed throughout the legislative process are assessed on their impact as well. Moreover, action is required now to create breathing space for small companies: the 25% reduction of reporting requirements must be substantiated within the first 100 days of the new Commission mandate. An assessment and reduction of the cumulative regulatory burden beyond reporting obligations is also urgently needed. Furthermore, looking back at the past two years of application, the one-in-one-out approach is not enough to tackle the pressure on SMEs. Decision makers must move beyond the one-in-one-out approach and really reduce burdens on SMEs.

Make the green and digital transition a reality on the ground: In order to put SMEs in a position to drive the digital and green transition, a review of the adopted regulatory framework should be undertaken to tackle contradictory provisions and ensure coherence, legal certainty and consistency. The time is now, as many legal acts have been adopted, but will face severe issues for the application in the SME business environment. Reporting and certification mechanisms must be improved, streamlined and simplified, missing tools and provisions must be finalised. Furthermore, tailored tools and guidance should be provided in due time to support SMEs in adapting their business processes and business models. Such tools and guidance are best developed in co-creation with SME organisations, who are in close contact with SMEs.

Reinvigorate the single market for SMEs: The Letta report provides a strong basis to develop a new impetus for strengthening and deepening the Single Market. For SMEs, the Single Market will be an important avenue to support them in gaining full benefits of the European Union and overcoming administrative and regulatory hurdles. Most important will be to focus on implementation and enforcement of already existing single market rules.

Ensure the availability of financing: To finance the transition, the right framework must be put in place to boost investments, in particular by SMEs. Member States have to get serious about uniform rules for capital markets in Europe to allow investment of private financial resources in the most efficient and effective manner. Taxonomy and sustainable finance requirements must not become a bottleneck for the access to green finance for SMEs. Requirements must be simplified to take account of the realities of SMEs. In addition green finance must be available to SMEs (below 2 Mio Euro) at an affordable cost and liquidity supported by timely payment of invoices.

Acknowledge the potential of SMEs as the building block for resilient local communities: In view of security and defence, SMEs play a crucial role in providing in our daily needs, jobs, training and social cohesion, in particular in rural and remote areas. They strengthen the cohesion between rural and urban areas, counter social vulnerabilities, support and safeguard critical infrastructure and provide for resilient and diversified supply chains.

Crafts and SMEs are the heart of the European economy and society. Ensuring a good economic environment for these businesses is therefore essential to achieving the wider objectives of the European Union, including a resilient society with a strong democratic foundation.

These are the companies where the owners-entrepreneurs work side by side with the employees, providing quality products and services to their customers. In addition, the entrepreneur manages the company, takes care of employees, keeps up with new legislation and business developments, implements them in the company and deals with increasing administrative requests.

In the names of the millions of entrepreneurs that day in and day out take responsibility for their business, their families, their employees, their customers and the wider community, we ask you to bring this message to the table when discussing the future of the European Union.

Yours sincerely,



Petri Salminen
President



Véronique Willems
Secretary General

Cc: To Heads of State and Government