

SMEUnited's input to the Belgian Presidency's European Conference for a Just Transition

SMEs must be a firm building block of the future Just Transition Framework

There are 24.3 million companies in Europe, which employ more than 84 million people. Out of those small businesses, 22.7 have less than 10 employees. The average number of employees in Europe in a company is 4. When it comes to industrial ecosystems, 92.5 per cent of all businesses in the transport / mobility / automotive sector, 92.5 percent of all businesses in the energy and renewables sectors are SMEs, and 86.4 percent of all businesses in the energy intensive industries are SMEs. Those figures have to be taken into account we develop policy and legislation.

Small companies are very well aware that without a planet they won't have a business. Several of those small companies have experienced climate change themselves, being confronted with wildfires, floods, storms that completely destroyed their company and their livelihood. Moreover, those small companies have been severely challenged in the past few years: First they were confronted with COVID. Many of them were forced to close down their businesses for months and saw their financial reserves of the company and subsequently also their personal savings diminish. And then they were confronted with an energy crisis which further weighed on their financial sustainability.

So first and foremost, we would like to stress the distinction between the frontrunners of the green transition and the following majority. Those forerunners are already developing future technologies and business models. We need to make sure that we create a regulatory environment that allows them to develop innovative and sustainable business models, products and services. The open technology principle is very important for this.

Looking at just transition, SMEUnited advocates for the following points:

1. For all those companies which are trying to adapt to the digital and green transition, we demand a coherent policy and legislation. At the moment, they are often confronted with contradictory provisions in different legislations.
2. At the European level we look at the long-term, making sure that the planning and investment certainty is ensured.

3. We have work together between different policy levels:
 - companies need to know which assistance they can turn to and which decisions and choices they have to make technology-wise;
 - we need to create a regulatory environment that gives them the certainty and the room to work on the transition which is at the moment very limited;
 - we need to guide them through the funding jungle;
 - we need to leverage private investment and we have to make sure that sustainable and green finance is accessible for small companies, which is not the case at the moment either.

We strongly believe that social partners and SME organisations on all levels are best placed to advise decision makers on how to make sure Green Deal policy measures work for small businesses and the world of work. Since the transition is happening on the ground, local transition councils or national stakeholder consultations are key.

Unfortunately we see many problems with regards to consultations. The European Commission must better enforce proper and structured consultation of SME organisations on the RePowerEU chapters of National Recovery and Resilience Plans, the National Energy and Climate Plans (through the Governance Regulation) and in the set-up, implementation and monitoring of Territorial Just Transition Plans.

When we look at implementation of Green Deal legislation, we need to pay more attention to what are the effects on SMEs. Here, the idea of a Just Transition Scoreboard, that the EESC opinion proposes, is certainly interesting. Such a scoreboard could help navigate the implementation. It must be based on a widely agreed set of principles and include environmental, social and economic indicators.

SMEs are drivers of a economically sustainable, fair and just transition, securing creating quality employment, and providing goods and services close to the people. For that to happen, we have to stay in dialogue, provide planning stability and ensure target support measures.

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