

New survey reveals that SMEs struggle with EU sustainable finance framework

The EU's sustainable finance framework has inadvertently placed significant bureaucratic burdens on European small and medium-sized enterprises (SMEs) without providing noteworthy financing advantages. This is the main finding of a comprehensive study by Eurochambres and SMEUnited, conducted for the EU Commission's platform on sustainable finance, and drawing on feedback from 2,141 companies in 25 member states.

While in the past two years, nearly 60% of surveyed companies have made investments in sustainability, SMEs find themselves struggling with access to sustainable financing options. According to the survey, only 35% of these investments were financed by external sources, which is not enough to shoulder the massive investments required for the transformation. This is in stark contrast to large corporations, which readily secure sustainable financing from capital markets.

Commenting on the results, Vladimír Dlouhý, President of Eurochambres said: "The feedback shows that while SMEs are keen to increase their sustainability efforts, they face disproportionate challenges in doing so. The sustainable finance framework must address this gap between SMEs' motivation and means when it comes to the green transition."

One underlying issue is the indirect trickle-down of reporting obligations from larger corporations and banks onto SMEs. Such obligations, intended for larger entities, often land on the desks of SMEs, either as bank customers or as suppliers within larger value chains. "Without the infrastructure and capacity to manage these comprehensive disclosure requirements, SMEs are left disadvantaged," Dlouhý added. This situation is exacerbated by the fact that it is very cumbersome to obtain public grants or subsidies for sustainable projects, as these are often linked to elaborate application procedures.

The survey underscores the urgent need for reorientation. The current EU taxonomy, which is exclusively geared towards capital markets, contains inherent shortcomings. Eurochambres considers it imperative to establish clear and straightforward SME criteria for sustainable bank loans outside of the EU taxonomy.

Additional information:

- The survey was run by Eurochambres in cooperation with SMEUnited between 15 June to 7 August 2023.
- [Read the report here.](#)

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