

EFB Influence 2020



Summary

Despite the difficulty of 2020 and the interrupted legislative agenda, EFB have still managed several political and legislative achievements. This document explores the influence of EFB so far in 2020.

European Parliament lobbying



SME Strategy amendments proposed to include family businesses on the Committee on Industry, Research and Energy (**ITRE**), Committee on Agriculture and Rural Development (**AGRI**), Committee on Employment and Social Affairs (**EMPL**), Committee on the Internal Market and Consumer Protection (**IMCO**) and the Committee on international Trade (**INTA**).
The **Capital Markets Union** bill was passed with EFB adding the debt/equity and mid-cap issue.

European Commission lobbying



The European Commission have started a **study on Transfer of Business** within businesses across Europe. Following lobbying from EFB, succession in **family businesses transfers** feature in the survey.

European Economic and Social Committee lobbying



The EESC released their opinion on the SME Strategy. Following consultation with EFB, **family businesses were added** and given a direct mention.

EFB Position Papers and Respondents



EFB have released **4 position papers** and **1 best practice paper** in 2020. These are: [EFB Position on the European Green Deal](#), [EFB Position on COVID19](#), [EFB Exit Strategy and Sustainable Recovery Proposals: The answers from responsible capital](#), [EFB Position on the Industrial and SME Strategy](#), [Family Business Responses to COVID19](#). EFB have also prepared 3 new papers to be released in early 2021, on the topics of: **The need for a Medium-Sized Business definition in Europe**, **Sustainable Corporate Governance in Family Businesses** and **Family Business Succession and Transfers: Challenges and Opportunities**.

In the European Parliament, the respondents to EFB's papers included **4 Green MEPs**, **6 S&D MEPs**, **4 Renew Europe MEPs**, **10 EPP MEPs**, **2 ECR MEPs** and **2 ID MEPs**.

In the Commission, EFB received responses from 7 DG Commission staff and 12 Commissioners listed below:



President von der
Leyen



Executive Vice-
President Dombrovskis



Executive Vice-
President Vestager



Executive Vice
President Timmermans



Vice-President Jourova



Vice-President Schinas



Commissioner Gabriel



Commissioner Schmit



Commissioner
Gentiloni



Commissioner Breton



Commissioner
Urpilainen



Commissioner
Sinkevičius

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SME Strategy

The European Commission's SME Strategy outlines the future policies for SME's across Europe. The initial report **neglected to mention family businesses** however below are **several successes for EFB in response to the document**.

Committee on Industry, Research and Energy (ITRE) Report and Amendments

Back in June, the ITRE Committee released their Draft Report on the SME Strategy. This document, still awaiting a vote from the committee, **directly references the mid-cap issue**:

“whereas mid-caps that do not meet the criteria to be classified as SMEs contribute significantly to employment and growth, especially in some Member States, and therefore require an additional and separate mid-cap definition, without prejudice to the definition of SME, in order to ensure that mid-cap with 250 to 499 employees can receive more assistance and be better promoted;”

To read the full report, please follow the link below:

https://www.europarl.europa.eu/doceo/document/ITRE-PR-653858_EN.pdf

The amendments (to be voted on) in the committee also feature support for the mid-cap issue. Please find the link to the amendments below:

https://www.europarl.europa.eu/doceo/document/ITRE-AM-657190_EN.pdf

Committee on Employment and Social Affairs (EMPL) Report

On 6th October, the final opinion of the EMPL committee on the SME Strategy was voted on and **an amendment regarding family businesses was successfully added**:

*“Underlines the decisive contribution of SMEs, including **family businesses**, to innovation, including to social innovation, job creation, and to building an inclusive and resilient labour market, also in cross-border regions, boosting investments, competitiveness, entrepreneurship and sustainable growth; is extremely concerned about the rising unemployment rates in the EU and the risk of millions of people losing their jobs as a result of the COVID-19 crisis, especially within the most vulnerable social groups, and about the enormous difficulties SMEs are encountering due to this crisis; recognises that at present SMEs are faced with severe liquidity problems; highlights, in this context, the urgent need to facilitate access to funding and to take short and long term measures to support SMEs in the recovery; underlines further that this should allow sustainable and targeted finance to bridge the current investment gap and to reinforce SMEs' resilience and ability to innovate and move towards more digital and sustainable, resource-efficient, circular and climate-neutral solutions, thereby facilitating the successful implementation of the digital agenda, the European Green Deal and the related just transition and securing Europe's strategic industries and services, stimulating the economy, supporting employment, and ensuring that no one is left behind;”*

To read the full report, please follow the link below:

https://www.europarl.europa.eu/doceo/document/EMPL-AD-653907_EN.pdf

Committee on International Trade (INTA) Amendments

Despite the amendment eventually falling, an amendment on the opinion of the INTA Committee specifically **referenced family businesses and their role**. Despite the amendment failing, it shows a recognition of the role of family business across all Committees responsible for the SME Strategy. The proposed amendment is below:

“Calls on the Commission to rethink and rewrite its SME Strategy presented on 10 March 2020. The strategy has to be updated to reflect the financing needs of SMEs during the pandemic in order to save businesses and jobs. The survival and recovery of SMEs, family businesses and self-employed persons means the survival of the European economy; they are the key for the Union to get back on its feet as quickly as possible after the COVID-19 pandemic is gone;”

To read the full list of amendments, please visit the link below:

https://www.europarl.europa.eu/doceo/document/INTA-AM-657238_EN.pdf

EESC Report on SME Strategy

The European Economic and Social Committee (EESC) released their opinion on the SME Strategy. Following consultation with EFB, **family businesses were added and given a direct mention**.

“The EESC believes it is important that small family and traditional businesses be recognised as a specific subgroup since they typically suffer the most from market failures and recommends designing tailor-made support policies which target them”

To read the full report, please follow the link below:

https://www.eesc.europa.eu/sites/default/files/files/eesc_-_position_paper_-_sme_strategy.pdf

Capital Markets Union (CMU)

Following direct consultation between EFB and MEP Benjumea (Spain, EPP), **the debt and equity issue** and the **Mid-Cap issue** were added to the Capital Markets Union strategy in the European Parliament. Following this, the resolution got through the committee stages and was successfully passed in the Parliament plenary session on 8th October. The issue features several times, each below:

*“Calls for the removal of barriers and red tape, where appropriate, including the simplification and more proportional application of legislation where relevant and conducive to financial stability, in order to diversify funding sources for European companies, with a particular focus on SMEs, including start-ups and **mid-caps**, so as to promote their ability to access **equity markets**, and to access more diverse, longer-term and more competitive investment opportunities for retail and large investors; highlights the need to **reduce the existing debt bias**; points out that the current situation makes European companies and especially SMEs more fragile and vulnerable; calls for the introduction of an ‘SME test’ for impact assessments on each CMU initiative;”*

*“Notes that the necessary measures to ensure that SMEs, including start-ups and **midcaps**, find their way to financial markets include facilitating investment research, streamlining the definition of SMEs across relevant EU legislation, and easing issuance requirements; calls on the Member States to **rebalance the debt-equity bias** in taxation; supports the revision of the Markets in Financial Instruments Directive (MiFID II) regime for inducements to SME investment research;”*

*“Asks the Member States to amend their national tax frameworks in order to reduce tax obstacles to cross-border investments, including procedures for a cross-border refund to investors, including retail investors, of withholding tax on dividends where double taxation is at stake; takes the view that such procedures should be cleared transparently on a pan-European digital platform and should enable investors to determine returns on their investment in real time; calls on Member States to work closely with the OECD and its Tax Relief and Compliance Enhancement (TRACE) Project, to **rebalance the equity-debt bias** penalising the financing of innovation through private investment, and to incentivise long-term investment opportunities for investors in order to help EU citizens gain better returns on their long-term savings;”*

*“Recalls that the Solvency II Directive requires a review by the end of 2020 and that the European Insurance and Occupational Pensions Authority (EIOPA) will provide technical advice to the Commission, including lessons learnt from the COVID-19 outbreak, in particular on the coverage of pandemic-related risks, after consultations with different stakeholders; requests the Commission and EIOPA to assess, on the basis of a targeted impact assessment, the potential benefits and prudential justification of adjusting capital requirements for investments in **equity and private debt**, in particular of SMEs, possibly also through the internal model approach, to ensure that capital requirements for insurers and pension funds do not discourage long-term investments; encourages the rapid phasing-out of national exemptions and the reduction of ‘goldplating’ in the national implementation of Solvency II;”*

To read the full bill follow the link below:

https://www.europarl.europa.eu/doceo/document/TA-9-2020-0266_EN.pdf

European Commission Study on Transfer of Business

The European Commission have started a study on Transfer of Business within businesses across Europe. As part of this study, an external body has been commissioned to create a survey for businesses across Europe in an attempt to gather greater levels of data on business transfers across Europe. In this survey following lobbying from EFB, **family business transfers feature in the survey**. This should help to lead to greater data available about family business transfers across Europe. The relevant questions and sections are below:

Q 1. Please indicate who manages your business? (Multiple answers possible)

Managed by the majority owner/family member(s) of the majority owner

Managed by co-owner (not majority owner) /family members of the co-owner

Managed by employed manager(s)

Don't know

Q 2. Would you consider your business a family business?

Yes

No

Don't know

2. Questions on Transfer Plans and Business Transfer Environment

Q 3. How was the ownership / control of your business acquired?

Started business from scratch (start-up)

Purchased from previous owner(s) (unrelated to owner(s) family)

Purchased from family member(s)

Transferred from family member(s) (e.g. Inheritance)

Spun-off from another business

Other (Please specify): _____

Q 4. Why do you intend to transfer or close your business? (Select as many reasons as apply)

Retirement

Move on to another business venture

Change in competitive environment

Strategic merger with another business

Start full/part-time employment elsewhere

Business is not profitable enough

Health/personal issues

Other (Please specify): _____

Don't know

Q 5. In what way do you plan to transfer your business?

Sell to buyer(s) unrelated to owner(s) family

Sell to family member(s)

Transfer to family member(s) (e.g. Inheritance)

Sell to co-owner(s)

Management buy-out

Employee buy-out

Wind down (close) the business

Other (Please specify): _____

Don't know

Kerstin Jorna Letter

At the start of September, EFB were sent a **direct letter from Ms Kerstin Jorna, Director General of DG GROW**. With Ms Jorna being newly appointed in the position, EFB now have a chance to build an effective relationship with an important player for the family business community. In the letter, Ms Jorna referenced the **role of family businesses, family business transfers and the mid-cap issue**. Following on from the letter, Ms Jorna has agreed to speak at EFB's board meeting on 20th October.

EFB Position Papers, Best Practices and Responses

Throughout 2020, EFB have released **4 position papers** and **1 best practice paper**.

These have been on:

- [EFB Position on the European Green Deal](#)
- [EFB Position on COVID19](#)
- [EFB Exit Strategy and Sustainable Recovery Proposals: The answers from responsible capital](#)
- [EFB Position on the Industrial and SME Strategy](#)
- [Family Business Responses to COVID19](#)

These papers were generally well received on the whole, and as seen above impacted legislation on several areas. Below is a list of responses to the paper from notable people, including MEPs, Commissioners and Commission staff.

MEPS

- Greens: Grace O’Sullivan (Ireland), Damian Boeslager (Germany), Patrick Breyer (Germany), Michael Bloss (Germany)
- S&D: Iratxe Garcia (Chair, Spain), Giuliano Pisapia (Italy), Juan Fernando López Aguilar (Spain), Miriam Dalli (Malta), Elisabetta Gualmini (Italy), Josianne Cutajar (Malta).
- Renew Europe: Martin Hlavacek (Czechia), Morten Helveg Petersen (Denmark), Liesje Schreinemacher (Netherlands), Jordi Canas (Spain)
- EPP: Manfred Weber (Chair, Germany), Dolors Montserrat (Spain), Antonio Tajani (Italy), Radoslaw Sikorski (Poland), Andrey Novakov (Bulgaria), Sean Kelly (Ireland), Pernille Weiss (Denmark), Adam Kosa (Hungary), Andras Gyurk (Hungary), Eniko Gyori (Hungary)
- ECR: Mazaly Aguilar (Spain), Geert Bourgeois (Belgium)
- ID: Marco Zani (Chair, Italy), Silvia Sardone (Italy).

European Commission

- Commissioners: President Ursula von der Leyen (Germany, President), Mariya Gabriel (Bulgaria – Commissioner for Innovation, Research, Culture, Education and Youth), Valdis Dombrovskis (Latvia – Commissioner for Trade and Executive Vice-President), Magrethe Vestager (Denmark - Commissioner for a Europe fit for a Digital Age and Executive Vice-President), Vera Jourova (Czechia - Commissioner for Values and Transparency and Vice-President), Nicolas Schmit (Luxembourg - Commissioner for Jobs and Social Rights), Frans Timmermans, (Netherlands – Commissioner for a European Green Deal and Executive Vice-President), Paolo Gentiloni (Italy – Commissioner for the Economy), Thierry Breton (France – Commissioner for the Internal Market, Margaritis Schinas (Greece – Commissioner for Promoting our European Way of Life), Jutta Urpilainen (Finland – Commissioner for International Partnerships), Virginijus Sinkevičius (Lithuania - Commissioner for the Environment, Oceans and Fisheries).
- DG Staff: Ilze Juhansone (Latvia – Secretary General of the European Commission), Kerstin Jorna (Germany – Director General DG GROW), Francisco Perez Canado (Acting Director of Directorate G - Trade Strategy and Analysis, market Access, DG Trade), Sofja Ribkina (Cabinet of Dombrovskis), Olivier Guersent (France – Director General DG COMP), Ditte Juul Jorgensen (Denmark – Director General DG Energy), John Berrigan (Director General DG FISMA).

Notable responses

Several of these responses were notable and have been widely circulated amongst our membership. These include a personal letter from Commissioner Breton, a personal letter from Kerstin Jorna, a webinar meeting with MEP Cutajar and a proposed own initiative report and dialogue with MEP Gyori.

EFB's Social Media Presence

Despite limited resources, EFB have grown their social media presence significantly in the first part of the year. On *Twitter*, EFB have gained **132 new followers** since March (track date 31st November). On *LinkedIn*, EFB have gained **301 new followers** since March (track date 31st November).

Attendance of Secretary General to Meetings and Events

1st quarter	
5-7 February	FBN-International Seminar, Fontainebleau.
21 February	EU Industry and the Energy Transition. Seminar at ESADE, Madrid.
27 February	Meeting with Christian Weinberger, DG Grow. Brussels.
25 March	Bruegel event: <i>The Sound of Economics Live: Banks and Loan Losses in The Pandemic Turmoil</i> .
31 March	Polaris - chapter engagement
2nd quarter	
8 April	Lunch FOBTT with Nicolas Hollanders de Ouderaen
16 April	Webinar IESE
20 April	Conference Josep Borrell, Vice President of the European Commission and High Representative of the EU for Foreign Affairs and Security Policy
21 April	Aspen Institute: <i>The response of the European Union to the economic crisis</i> , debate with Pablo García-Berdoy, Ambassador Permanent Representative of Spain to the EU.
29 April	Event with Rebeca Grynspan, Secretary General for Latin America (SEGIB).
6 May	Breakfast with MEPS Isabel Benjumea (EPP) and Jonás Fernández (S&D).
12 May	Aspen Institute Debate: <i>Towards different geopolitics</i>
15 May	Conference Guy Ryder, Director General of the International Labour Organization (ILO)
18 May	Event with Margaritis Schinas, Vicepresident of the European Commission.
19-20-21 May	The Family Business Week, by Instytut Biznesu Rodzinnego, Poland.
19 May	SME Strategy meeting with Francesco Cannas, Policy Advisor, Office of MEP Josianne Cutajar.
20 May	Breakfast-debate with MEPs Pablo Arias (EPP) and Adriana Maldonado (S&D) on the priorities of the INCO Commission.
22 May	Conference: <i>Innovation management in family businesses - key challenges and innovation creation using the company's tradition. How to look for innovation in the COVID-19 era?</i> Prof. Alfredo De Massis, Free University of Bozen-Bolzano & Lancaster University
2 June	Polaris chapter engagement
4 June	Event with David Sassoli, President of the European Parliament
5 June	FFI London 2021, Spring and Cambridge Judge Business School - Business Transfers
8 June	European Family Businesses' discussion with IBR (Poland).
10 June	SME Envoy meeting.

24 June	<i>The current state of the 'Brexit' negotiations.</i> Event organized by the Spanish Permanent Representation at the EU.
26 June	<i>Making EU politics work in the post-Covid-19 digital age.</i> Webinar organized by BCW Global
30 June	Eurocommerce Policy Talks. Webinar with Trade Commissioner Phil Hogan.
3rd quarter	
1 July	<i>"The European Green Deal in times of the Coronavirus pandemic".</i> Event on the occasion of the beginning of the German Presidency of the Council of the European Union
3 July	Lunch with Daniel Calleja. Director General of DG Legal Service. Brussels.
6 July	Meeting with Juan Lugo, Director of the Spanish Permanent Representation at the EU. Brussels.
7 July	Meeting with Jose Fonseca, Policy Advisor Committee of the Regions. Brussels
15 July	SBA Follow Up Meeting.
4 September	PSI High Value Datasets webinar, organized by the European Commission's DG Communications Networks, Content and Technology (DG CNECT).
8 September	Brussels Economic Forum 2020 Digital.
8 September	<i>Economic Recovery in the Midst of COVID-19 Crisis.</i> Event organized by MEP Enikő Győri
11-13 September	Summit of Minds. Chamonix, France.
14 September	Meeting with Marc Puig, President of Instituto de la Empresa Familiar. Madrid
23 September	<i>EU SME Strategy as a driver of Europe's recovery.</i> Webinar with European Commissioner for Internal Market Thierry Breton, German Federal Minister for Economic Affairs and Energy Peter Altmaier and the Co-Chair of the European Parliament SME Intergroup MEP Martina Dlabajova.
28 September	<i>From Playing Field to Player: Europe's Strategic Autonomy as Our Generation's Goal.</i> Event by Bruegel.
4th quarter	
1 October	Breakfast-debate with María Teresa Fábregas, Director of the European Commission's Recovery and Resilience Working Group on: "Recovery plans: sustainable growth"
6 October	SME Envoys meeting.
6 October	Meeting with Professor Salvatore Tomaselli, SPRING Project.
13 October	Event with Iratxe García, MEP and Leader of the Progressive Alliance of Socialists and Democrats.
16 October	Meeting with Francisco Fonseca, Head of European Commission Representation in Spain, and Esteban Sastre, Research Director of Instituto de la Empresa Familiar.
21 October	Event <i>"Together relaunching Europe: #NextGenerationEU"</i> . Organized by Directorate-General Communication.
23 October	Breakfast-debate with Clara Martínez Arbeloa, Deputy Head of the Working Group for Relations with the UK.
23 October	Eurocommerce Policy Talks: Webinar with Vice-President Věra Jourová.
26-27 October	Spanish Family Business Summit. Organized by IEF. Madrid
28 October	Conference <i>"Corporate Governance for sustainable and competitive European Companies"</i> . Organized by ecoDa, EuropeanIssuers and BusinessEurope.
3 November	Conference on Teleworking. Organized by Instituto de la Empresa Familiar. Madrid.
4 November	Lunch with Francisco Fonseca, Head of European Commission Representation in Spain, and José Luis Blanco, Managing Director of Instituto de la Empresa Familiar. Madrid.

9 November	EuroCommerce Policy Talks with Executive Vice-President Frans Timmermans.
9 November	Families Summit of Minds Panel Discussion: Planning Call.
11 November	Webinar Next Generation EU. Organized by Llorente & Cuenca
12-13 November	FBN-International summit.
16-17 November	SME Assembly.
18 November	Family Business Talks. Webinar organized by The Family Advisory Board.
23 November	Meeting with Frank Rengli, Pictet.
26 November	Event with Luis Garicano, Spokesperson of Renew Europe in the European Parliament, Vice President of the Renew Europe Group and Vice President of ALDE.
26 November	EMA Family Business Working Group session.
1 December	Green Deal: Sustainability and Competitiveness. Online event organized by European People's Party.
3 December	Meeting with Spanish Perm Rep: Ann Westman and Paz Guzmán amd Esteban Sastre, Research Director at IEF
8 December	SME Envoys Network meeting
9 December	EESC Employers' Group Webinar " <i>De-Carbonisation & Digitalisation in the context of Globalisation</i> ".