



JOINT DECLARATION

**STRENGTHEN
CRAFTS
IN EUROPE**

TRIO Meeting - Rome, 17 June 2022

Confartigianato Imprese, CMA France and ZDH represent over three million businesses in the crafts sector in the three largest EU-Member States: Italy, France and Germany.

They are committed to supporting the crafts sector in Europe through joint initiatives and cooperation in their European umbrella organization SMEUnited.

GERMANY	ITALY	FRANCE
<ul style="list-style-type: none"> • 1 million enterprises • 5.6 million employees • 670 billion annual turnover • 360,000 apprentices 	<ul style="list-style-type: none"> • 1.3 million enterprises • 2.5 million employees • 273 billion annual turnover • 120.000 apprentices 	<ul style="list-style-type: none"> • 1.8 million enterprises • 3.1 million employees • 300 billion annual turnover • 140.000 apprentices

The crafts enterprises are highly diverse yet united by similar characteristics:

- The business owner is actively engaged in each aspect of the work and takes personal responsibility.
- Crafts enterprises operate in short supply chains, thus being sustainable by nature.
- They often are family businesses, supporting local communities and striving to build long-lasting relationships with both clients and staff.
- Our enterprises are a key asset to the economy by providing employment, training and development opportunities in urban and remote regions.

The crafts sector is an essential part of the European economy and contributes in many ways to creating a more sustainable, innovative future. Our companies work to improve the energy efficiency of buildings, they support rights to repair products to reduce the production of waste and overall combine values and traditional creativity with practical progress. In addition, they represent key actors to ensure the realization of the green and digital transition across Europe.

In the current context, the Italian, French and German Crafts and Trades strongly condemn the Russian military aggression against Ukraine and express their solidarity with the Ukrainian people by integrating refugees into training and the labor market. They support the sanctions decided by the European Union and the national Governments.

The reboot of the European economy in the aftermath of the Covid 19 pandemic and of the war in Ukraine must necessarily pass by the transformation of the economy, through digital and technological change. In this context, supporting small and medium-sized enterprises at the national as well as at the EU level now more than ever turns out to have been so important. Only with strong craft enterprises and skilled workers will our economy and our society be able to deal with the environmental challenges, for example, the one for climate protection.

To help the crafts sector recover, innovate and expand, Confartigianato Imprese, CMA and ZDH call for:

1. Reduce bureaucracy and “Think small first”

Any measure decided at the national and at the EU level has to be implemented by the entrepreneurs themselves because craft companies neither have legal departments, human resources, nor in-house accountants to delegate administrative tasks to.

This leaves them with little time to concentrate on their business. Particularly at this moment, as businesses are slowly recovering from the consequences of the Covid pandemic, the unnecessary bureaucratic burden must be avoided. Red tape should be significantly reduced to allow micro and SMEs to get their core business up and running again as quickly as possible. In addition, it is increasingly necessary to reduce requirements regarding reporting and control measures in the framework of state aid and the European structural and investment funds regulation. We urge the EU Commission not to lose sight of the overall regulatory burden on micro and SMEs. In the current situation, "business as usual" is not an option. From a business perspective, nothing has been “usual” lately.

Micro and SMEs are the backbones of the European Economy also for this. The impact of any new EU policy should be first analyzed and thought of from the perspective of small enterprises. The smaller a company is, the higher the impact of regulatory burden becomes on it. Therefore, any European legislation must necessarily apply in each new act the "Think small first"-principle and be SME inclusive to guarantee a level playing field. In addition, the SME definition should not be changed on its principles.

2. Ensure access to finance

After having faced a decrease in orders and sales, staff shortages, rising energy prices and faltering supply chains during the past two years, many small businesses are still threatened in their existence. In this difficult situation, crafts enterprises particularly need liquidity and support. Crafts enterprises need an easy and unbureaucratic way of accessing finance. Most crafts companies' main source of financing is traditional bank lending. In this sense, the introduction of new rules within the

framework of banking regulation (Basel III) must be in line with the principle of proportionality in order not to deteriorate SMEs' access to finance. Developments in Sustainable Finance should not make it harder for micro and SMEs to access finance, either. New European rules, that see SMEs involved in larger companies' value chains, as participants in public tenders, public projects or bank customers, are likely to force smaller enterprises to provide sustainability reports. This will create a trickle-down effect with resulting economic and administrative burdens that not all the micro and SMEs can afford. Therefore, it is important to provide them with the right tools to guide them on this path.

3. Facilitate growth through sustainable innovation

Against the background of the Russian invasion of Ukraine, the Green Deal with its overarching targets of climate neutrality and the independence of fossil fuels becomes even more important. The current unprecedented acceleration of this process not only strengthens our European community. It also provides an opportunity to reap the economic benefits of the Green Deal earlier.

Circular economy and repair services or the decarbonization of the construction sector are examples where craft enterprises offer expedient business models. Their expertise and skills are indispensable for the accelerated transition.

To fully tap into the traditional as well as an innovative force of SMEs, the EU must ensure that the accelerated process does not stifle these businesses' potential. High inflation, rising energy costs and additional bureaucratic burden might otherwise become a potentially toxic blend for SMEs. We need a resolute approach and specific support measures for micro and SMEs during the accelerated pathway towards a climate-neutral Europe by 2050.

This could be implemented through taxation measures such as VAT rates favoring productions meeting green and social requirements, and a carbon border adjustment mechanism.

4. Take digitalization to the next level

New challenges and opportunities arise from the digitalization of markets as digital solutions and processes change the communication between companies and customers. Throughout the Pandemic Digitalization has become a necessity in a wide range of craft trades. The future competitiveness of crafts companies will thus depend on whether companies can reinvent themselves and adapt their business models to these new realities. Crafts enterprises need tailor-made and targeted support from national and European funding programs on their most pressing digitalization questions such as data protection and cybersecurity.

Artificial intelligence (AI) and the Internet of Things (IoT) have drastically redefined how businesses operate and where they derive value from. Data has become the main driver of competitiveness. The recently published proposal for a European data law (Data Act), which has taken up the longstanding request from the crafts to regulate fair access to data on downstream markets, is therefore of greatest importance. It will be crucial to uphold the key aspects in the forthcoming legislative process

5. Secure qualified skilled labor

Crafts enterprises depend on skilled labor, whose qualifications are based on a good balance of technical, digital and soft skills. The supply of skilled labor must be secured, now and in the future. It is essential to adopt measures to improve the image of the craft sector and its attractiveness to the younger generation.

To ensure competitiveness and employment in the current crisis and beyond, we need support for vocational education and training (VET) in Europe through an expansion of vocational guidance, a better transition into working life, a faster adaptation of training to the needs of the labor market, simplified transitions from initial training to employment and targeted further training of employees to further reduce youth unemployment

Lifelong learning and Higher VET should be strengthened by complementing initial vocational education and training (IVET) with a wide range of high-quality and high-level continuing education opportunities so that the adaptation to new challenges in the economy and development of new know-how can be ensured. Continuing vocational education and training (CVET) should be strengthened in Europe, in particular the master craftsman's diploma and higher vocational education. This is a strong political signal to promote a level playing field between vocational and academic education. This upgrade of vocational education and training should be complemented by recognizing the importance of VET and by improving its image in Europe to attract more young people to the craft sector.

Transnational mobility of apprentices and journeymen/women and master craftsmen/women should be strengthened to give more learners the opportunity to improve their competencies during a vocational stay in another Member State and have them recognized.

Rome, 17 June 2022

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