

# Ensuring the Single Market Strategy delivers

## Key messages

- SMEUnited welcomes the efforts to improve the Single Market and calls the Commission and Member States to work closely together to implement the strategy in a meaningful way, with tangible and measurable results on the ground.
- We welcome the announcement made by president von Der Leyen during the State of the Union. A clear roadmap on strategic sectors will set clear ambitions and goals in parallel to efforts made on the terrible ten.
- The Commission should provide Member States with transposition guidelines and facilitate coordination among national authorities in the implementation phase.
- For the Single Market Strategy to be successful, its implementation must be done in relation to other recent Commission's initiatives, such as the Clean Industrial Deal, the Simplification Communication and the E-commerce communication.
- It is a good step forward to prioritise barriers and start working on the so-called 'Terrible-ten' which, if analysed thoroughly and effectively tackled, could significantly improve the overall efficiency and impact of our efforts. However, that does not mean that other barriers should not be tackled.
- While we welcome the focus on SMEs in a dedicated chapter, SMEUnited reminds the whole strategy must be implemented in line with the 'Think Small First' Principle.

## General remarks

The Single Market is one of the main achievements of the European Union. 450 million consumers and 23 million SMEs benefit from the free movement of goods, services, capital and people. On one hand, the Single Market offers SMEs a broadened access to new markets, business activities and value chains. On the other hand, SMEs contribute to a prosperous Single Market, showing how the Single Market and SMEs reinforce each other.

However, more than 30 years since its foundation the Single Market has not yet been perfected and entrepreneurs experience an increasing patchwork of barriers and different rules between Member States. According to the [International Monetary Fund \(IMF\)](#), internal market barriers

are comparable to a 44% trade tariff on goods and 110% on services. This puts our European market at an unnecessary disadvantage compared to the US and China, while strengthening the Single Market is the best insurance for European prosperity and resilience in times of geopolitical tensions and trade tariffs. Furthermore, by making investing in Europe more attractive and scaling-up a business case, a better functioning Single Market is a precondition to realise the objectives of the Saving and Investment Union and the Startup and Scaleup Strategy.

Nevertheless, we insist that while we welcome the specific chapter on SMEs, the implementation of each proposal of the strategy must be done in line with the 'Think Small First' principle.

What is more, a functioning Single Market depends on imports from and exports to third countries. Any safeguard measures must not be protectionist in nature but must be pragmatic and geared towards increasing productivity, boosting competitiveness and strengthening EU strategic autonomy. It is essential to think supply chains through the end and to ensure the comprehensive involvement of European economic operators and representatives.

The European Commission's new strategy for strengthening the Single Market is an important and necessary step. This pragmatic approach offers opportunities for tangible progress. The strengthening of the Single Market for a more competitive European Union, the simplification of rules, the commitment of Member States and the focus on digitalisation are fundamentally correct. Many of the Strategy's proposals are in line with those of SMEs, e.g. to simplify the posting of workers. Nevertheless, the Strategy misses the opportunity to clearly recognise the importance of SMEs as economic and social decisive factors in the EU, especially at local level and how the Single Market can benefit the local activities. We insist that while we welcome the specific chapter on SMEs, the implementation of each proposal of the strategy must be done in line with the 'Think Small First' principle.

## Removing barriers

The listed 'Terrible Ten' are a good starting point to reduce barriers faced by entrepreneurs on the ground. SMEUnited insists the Commission must remain committed to also take actions where necessary, e.g. in strategic areas currently being dealt with under other European trajectories such as the further integration of energy markets (part of the Clean Industrial Deal) and capital markets (part of the Savings and Investments Union).

### 1.1. Overly complex rules

SMEUnited strongly support the simplification efforts of the current EU mandate. Entrepreneurs sent a strong signal: they must be able to run their businesses in a stable, clear and proportionate legal environment. SMEUnited supports efforts towards proportionate harmonisation of EU Single Market rules, and more transparency on what cannot be harmonised.

**To support actions foreseen by the Commission, SMEUnited suggests:**

- Omnibus packages must ensure proportionality of rules, based on the Think Small First principle. They must notably align definitions and notification deadlines, address trickle-down effect of rules and clarify obligations.
- Better Regulation principles must be applied. Simplification proposals will truly reach their goals if they are designed on the basis of feedback from stakeholders, who are best placed to identify overlaps and areas for improvement. Stakeholders are the best placed to suggest proportionate solutions ensuring competitiveness without watering down EU legislation.
- Competitiveness checks must include a qualitative and quantitative SME Test for every proposal and make sure that laws ultimately strengthen and support SMEs instead of just protecting them from negative effects.
- National European agencies in the field of the Single Market must work closer together to align interpretation. The Commission must deliver on its commitments to provide Member States with transposition guidelines and should coordinate more the implementation of EU law at national level to ensure consistency and avoid gold plating.
- The revision of public procurement should be a milestone in developing further the Single Market. Especially in an economic context marked by high debt, rising financing pressure, and increasing geopolitical instability, it is essential that all available public resources, from both the EU and Member States are used efficiently, purposefully, accountably and with a long-term vision. If these resources do not reach businesses that create effective, sustainable, and locally anchored added value, there is a risk that public investments will miss their target or even harm economic stability. A strong Single Market therefore requires the strategic and efficient use of public resources. In this regard, the revision must strengthen SMEs access to public procurement and give preference to European companies through the introduction of a European preference.

## **1.2. Lack of Single Market ownership by Member States**

The Commission insists the Strategy for the Single Market will only deliver if Member States truly commit to reduce fragmentation and work closer together on key aspects. SMEUnited backs the Commission assessment that Member States contribute to the creation of barriers, by adding new requirements (gold-plating) or by lack of transposition of the legislation. The proposal to create a Single Market Sherpa in the Prime Minister's or President office tasked to prevent and address national regulatory and administrative barriers could ensure more coordination, transparency and alignment. While tackling barriers by placing the Single Market at the highest political level, it also requires that the Commission steers these efforts and provides clear guidelines to assist Member States in the transposition phase of the directives, as suggested in the Simplification Communication.

In this regard and in preparation of a Single Market Barriers Prevention Act, it is important to enhance the dialogue between the Commission and Member States and assess how the notification obligation can truly detect potential barriers.

### 1.3. Complicated business establishment and operations

#### a. 28<sup>th</sup> Regime

Setting up a company in the Single Market must be simpler. Harmonised rules and licensing procedures for starting an economic activity are essential for companies seeking to establish themselves in other EU countries. Therefore, a 28<sup>th</sup> Regime should simplify setting up a business in another Member State and ensure the application of the once only principle through all the administrative procedures. To achieve this, it would be necessary to establish a new European company status, aimed at enabling enterprises registered under this framework to grow by design within the Single Market. Together with the establishment of a new European company status, it is important to continue efforts towards administrative simplification and harmonisation.

The digital tools proposed by the Strategy (in particular, the digital wallet) and the further development of the system of interconnection of business registers (BRIS) will prove useful to achieve such authorisation.

#### b. Business Transfers

When it comes to business transfers, the European Commission, in close collaboration with EIB and Member States, should facilitate the use of fiscal incentives such as tax credits to encourage and support business transfers.

While some Member States provide tax incentives for the sellers to transfer their businesses, the focus should also be placed on buyers. Buyers should be encouraged with tax credits to acquire businesses in operation.

We welcome the Commission's intention to revise the Recommendation on Business Transfers. We suggest that this revision should be accompanied by a Communication outlining the initiatives currently in place across the Member States, as well as promoting an ambitious European plan to address this challenge.

In a [joint statement](#) published together with other business organisations, SMEUnited suggested 10 proposals to support business transfer in the EU, notably:

- Recognising that all types of business transfers should be considered equally important.
- Asking Eurostat to undertake and coordinate a comprehensive data collection effort across Member States.
- Establishing an EU-wide business transfer barometer.
- Developing a strategy to prepare entrepreneurs for both taking over and handing over a business.
- Improving access to finance by providing financial instruments and educational programmes to facilitate support for business transfers.

## 1.4. Recognition of professional qualifications

In the context of regulated professions, despite respective EU legislation, and in particular Directive 2005/36/EC fostering the recognition of professional qualifications, several challenges remain. SMEUnited reiterates that mutual recognition must not diminish the levels of qualifications and should never justify a race to the bottom, however, the recognition of qualifications is still heavily dependent on varying national approaches that often involve lengthy and complex recognition procedures governed by national or EU legislation<sup>1</sup>.

Even for professions benefiting from automatic recognition under the EU Qualification Directive, such as architects, dentists, or pharmacists, SMEs face significant practical and administrative challenges when recruiting or expanding across borders. The process often involves complex documentation, certified translations, proof of language proficiency<sup>2</sup>, and long delays that exceed the legal time limits. These burdens disproportionately affect SMEs, which often lack the legal or HR resources to navigate inconsistent national procedures.

Additionally, many professionals are unaware of how to navigate these procedures. Among other obstacles, language barriers further complicate the process, as workers struggle with legal and procedural terminology in the host country.

For professions that are regulated in some EU Member States but not in others, the recognition of qualifications remains inconsistent and burdensome, especially for SMEs. While the EU framework allows for recognition through the general system, the process often involves unclear procedures, costly translations, and compensation measures such as aptitude tests, which disproportionately affect small businesses with limited administrative capacity.

To support the Commission's proposal to make the procedures for the recognition of professional qualifications faster and more efficient, we recommend to foster digital transformation in this area to :

- reduce delays in recognition processes,
- improve exchange of information between the responsible actors,
- further promote mutual recognition of work experience,
- recognise informal learning and skills and
- introduce sectoral mobility schemes similar to Erasmus+ for students.

It is crucial to distinguish between the needs of regulated and non-regulated professions: for the latter, where there is no harmonised legal framework, it is therefore desirable to adopt

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<sup>1</sup> Union of Skills – a Joint Employers' Input (BusinessEurope, SGI Europe, SMEUnited), 21 February 2025, <https://www.smeunited.eu/admin/storage/smeunited/uos-joint-employers-input-final-21february.pdf>

<sup>2</sup> Language proficiency is not merely administrative. For instance, it is essential to safeguard client safety, trust, and effective communication in many free/liberal professions (e.g., dentists, psychologists, lawyers).

voluntary, flexible, non-legislative solutions that allow for the recognition of skills without introducing new regulatory burdens.

Finally, on the issue of skills of third country nationals, SMEUnited reminds that difficulties remain both for employers in crafts and SMEs and for the third country workforce. Bureaucratic delays and high costs for the recognition create barriers for third country professionals. Language challenges, lack of documentation from the country of origin and inconsistent recognition of informal learning further exacerbate the problem.

### **1.5 Long delays in standard-setting that weigh on innovation and competitiveness**

Further efforts are needed to ensure a more agile and market-responsive standardisation system. However, speed in standardisation comes at a price: it means either less time to build genuine consensus, and properly consider the opinions of all stakeholders, or more flexibility in accepting the final outcome of the process of development of harmonised standards. It is vital that a faster development of standards does not come at the expense of inclusiveness or the ability of all relevant stakeholders, including SMEs, to engage meaningfully, in order to support the acceptance of standards and ensure high quality and SME-friendliness. Unfortunately, standardisation processes are often strongly influenced by companies whose interests and resources are not comparable to those of SMEs. SMEUnited therefore insists the standardisation framework should always ensure proportionality and inclusiveness reflecting a market-based approach, according to which standards are drafted in response to real market demands and needs. Standardisation processes should also be developed hand in hand with technological and innovative business solutions.

As the strategy plans for the review of the Standardisation Regulation, SMEUnited reminds that the Regulation has significantly improved inclusiveness of the European standardisation, strengthened the participation, role and prerogatives of SMEs in the European Standardisation system and contributed to secure the funding of the Annex III organisations, such as Small Business Standards. However, despite considerable advances towards inclusiveness, SME interests are often still underrepresented. SME associations play a crucial role in helping SMEs access and effectively use standards. By ensuring that these organisations, which often face significant technical and capacity challenges due to their size, or their representatives are actively involved in standardisation processes, standards can become more accessible, practical, and better tailored to their specific characteristics.

Therefore, it is vital to fully implement Articles 5 and 6 of the Regulation to ensure a more balanced and effective representation of SMEs in standardisation and improve their uptake of standards.

Moreover, unfortunately there is still a number of differences in product standards amongst Member States (e.g. automotive replacement parts) that are authorised in one country and may not be commercialised in another EU country. Sometimes these products have to undergo

additional tests or certifications in order to be approved in different national markets. This hampers the free movement of goods and adds additional cost for companies, including SMEs.

Furthermore, SMEUnited calls for a better integration of standardisation and research and innovation activities. This is particularly necessary as the EU still suffers from strategic and technological dependence on non-EU actors. Consequently, SMEUnited stresses that strengthening the EU's competitiveness also requires a standardisation system that pays particular attention to the key areas of innovation, energy autonomy and sustainability.

### Common specifications

SMEUnited understands the need to adopt common specifications via implementing acts as a fall-back option when and as long as requested harmonised standards are not (timely) delivered. However, SMEUnited has concerns about the current wording in the Omnibus IV package which grants the Commission the right to adopt common specifications as primary solution, instead of a fall-back option.

First, in the absence of an established ad-hoc process for the development of common specifications, the references to Comitology procedure under Regulation 182/2011 for the approval of implementing acts do not give sufficient guarantees in terms of stakeholder involvement. In fact, Regulation 182/2011 does not set rules about which stakeholders can participate in the drafting of an implementing act, nor does it lay down requirements in terms of consultation of stakeholders such as SMEs. The Comitology Regulation includes no obligation to consult them in the development of implementing acts. Using comitology to adopt common specifications therefore risks bypassing the inclusive framework established by Regulation 1025/2012.

It is crucial to ensure a fully inclusive drafting process for common specifications that duly involves relevant stakeholders and particularly the stakeholder representatives identified by Regulation 1025/2012 on European standardisation (i.e.: Annex III organisations). Any fall-back option such as common specifications must guarantee the same level of access granted to stakeholders and their representatives under Regulation 1025/2012 and its Annex III.

Secondly, there is still a lack of clarity on the criteria to trigger the process of development of common specifications. In its proposals the Commission mentions cases where “no harmonised standards exist or where they are insufficient” or where “there is an urgent need”. It is not clear if this includes cases where harmonised standards are under development but with delays, and if so, what amount of delay would trigger the process. Additionally, it is not clear when harmonised standards are deemed insufficient or what constitutes an urgent need.

SMEUnited stresses common specifications should only be considered as a last resort measure. The primacy of stakeholder-driven harmonised standards must be preserved as the main way to facilitate compliance and provide presumption of conformity.



## 1.6 Fragmented rules on packaging, labelling and waste

Different rules on packaging and labelling create huge hurdles for SMEs trying to expand their business in another Member States. Harmonising labelling rules is therefore a step in the right direction.

While facilitating rollout of digital labelling solutions via the Digital Product Passport, the Commission must ensure it should not be used as a pretext for introducing new burdensome product regulations. Digitalisation alone does not mean simplification: requirements must also be simplified when being digitalised.

The European Commission should coordinate the rationalisation of reporting obligations to avoid duplication between national requirements and the EU-level digital product passport, thereby streamlining compliance for companies. For a successful implementation, it is crucial to ensure clear communication, simple and proportionate requirements, an adequate transition period and support measures for SMEs. A solid digital infrastructure must be developed at EU level, with technical and financial support, covering at least part of the compliance costs. It is also essential to define clear and consistent standards, avoiding duplication of certifications and making sure certifications are recognized in other Member States. Moreover, SMEs should be actively involved in the design of the Digital Product Passport and related labelling rules to ensure that the solutions proposed are feasible and adapted to their capacities.

When it comes to EPR schemes, SMEUnited supports the removal of unjustified authorised representative requirements, which negatively impact SMEs without bringing any other benefits. While addressing the issue of fragmentation, SMEUnited supports the creation of a one stop shop to provide SMEs with all the relevant information concerning the implementation of EPR schemes, ensuring they are inclusive, proportionate, provide access to crucial infrastructure, support waste reduction and costs management, and improve data access for SMEs.

SMEUnited fully support the creation of a Single Market for waste. SMEs are creative and develop green businesses. They diversify their activities, notably by using waste as raw materials. However in doing so, they face difficulties as rules are different across Member States. SMEs are blocked in their ambition and cannot re-use products from different Member States, as the definition are different for waste handling.

Therefore, SMEUnited calls for the development of standards to use waste and secondary raw materials to support the circular economy and defining end of waste criteria. Common criteria at EU level would ensure a more correct and smooth circulation of products obtained from the selection and treatment of waste, greater uniformity of management in the European market and better conditions of equality between operators in different Member States of the EU.



## **1.7 Outdated harmonised product rules and lack of product compliance**

SMEUnited is in favour of effective and proportionate consumer protection. Rules on products compliance must embrace a “Think Small First” approach and could be simplified to ensure the smallest companies can comply. Additionally, while providing a high level of consumer protection, the Single Market must also ensure fair competition. Currently, European SMEs struggle to comply with high quality, health and safety standards while products from third countries enter the Single Market, especially via e-commerce, without complying with the same level of requirements.

Therefore, SMEUnited supports actions to tap into synergies with capacities of EU and national customs and market surveillance authorities. SMEUnited calls for greater investment in enforcement measures to ensure compliance with EU legislation and standards to protect consumers from non-compliant, counterfeit, and potentially dangerous goods legally prohibited on the European market.

## **1.8 Restrictive and diverging national services regulation**

SMEUnited acknowledges the Commission’s continued efforts to deepen the Single Market, especially regarding the free circulation of services. The proposed initiative to facilitate pan-EU service provision through harmonised authorisation or certification schemes could offer new opportunities for SMEs, particularly in overcoming the legal and administrative fragmentation that currently hampers cross-border operations.

Moreover, the Directive 2006/123/EC introduced a general scheme of free provision of services across the EU but allowed national, regional and local authorities to introduce authorisations and permit schemes for “overriding reasons relating to the public interest”. SMEUnited believes the term “overriding reasons” is too broad and leaves too much room for authorities at any level to introduce authorisations on the grounds of public interest. We therefore suggest to clarify this specific provision of Directive 2006/123/EC and better specify which reasons can lead to such provisions.

Many SMEs currently face legal ambiguities and inconsistent national interpretations that discourage them from expanding across borders. Although the notification of national measures in the services sector has been mandatory since the implementation of the Services Directive, practice has shown that this does not always work smoothly. An improvement of the status quo would therefore be necessary. Since the most recent attempt to reform the services notification procedure failed, a new approach is needed. An ex-ante screening procedure would increase transparency in the national implementation of the Services Directive and make it more difficult to introduce unjustified protectionist measures and gold plating. Encouraging mutual trust and administrative cooperation can foster a more predictable and supportive environment for SME service providers throughout the EU.

Even though more harmonisation would be beneficial for the Single Market players, it should take into account the diversity of national systems and the proportionality principle, ensuring

that regulatory convergence does not lead to excessive burdens or the erosion of well-functioning domestic frameworks that support SMEs. Additionally, any kind of 'race to the bottom' mechanisms shall be avoided in order to prevent that the full circulation of services compromises the quality standards of EU economic activities. Close consultation with stakeholders, particularly SME representatives, will be essential to avoid unintended consequences that might favour larger market players.

### **1.9 Burdensome procedures for temporary posting of workers**

SMEUnited insists that social dumping impacts the functioning of the Single Market, causing disparities and unfair competition in various sectors. To avoid unfair competition, the implementation of the Single Market Strategy should improve the coordination of social security systems, increase inspections and support SMEs employers to comply with the complex requirements in the field of posting workers, notably via digital tools, also simplifying these complex requirements.

SMEUnited supports the proposal for a public interface for the declaration of posting of workers (eDeclaration). The different national registration procedures for posting workers, some of which involve complex bureaucratic procedures, makes it difficult for companies to provide cross-border services.

The Commission proposal of 13 November 2024 on the eDeclaration as a uniform EU-wide portal is therefore an important signal. SMEUnited welcomes the planned voluntary nature of participation in order to increase acceptance. In principle, the benefits of the eDeclaration, i.e. the reduction of bureaucracy for companies and national authorities, transparency of working conditions and legal certainty, are increased by the participation of all 27 Member States in the eDeclaration. For a real added value right from the start, it is imperative to have a closed list of required data-points for the posting of workers that will be broad enough to allow Member States to perform controls needed and therefore fight against fraud... The various parties must work towards these objectives accordingly.

The added value of the eDeclaration would be further increased if social security aspects such as the A1 certificate were integrated. The effort involved for SMEs with the A1 certificate is generally disproportionate to the service provided. In the future, linking the eDeclaration and the A1 certificate with the EUDI wallet would be a decisive step towards a digital and efficient Single Market that benefits companies, employees and supervisory authorities alike.

A coordinated approach of the social security systems that allows fair competition in Europe should also be prioritised to facilitate the posting of workers. The work to revise the regulation 883/04 on the coordination of social security systems should continue as well as the cooperation among Member States. The creation of a digital social security card could be another important step forward in this field. Seizing the opportunities of digitalisation will

support a fair labour mobility according to the related communication<sup>3</sup>, but should also allow to fight against fraud in the posting of workers.

As the Strategy suggests the launch of a fair labour mobility package, SMEUnited calls for alleviating the root causes of labour and skills shortages faced by SMEs by addressing the obstacles that make difficult for people to join the labour market and by implementing the necessary reforms of the education systems in the Member States. Additionally, these efforts must also include mobility of apprentices and vocational education training to develop an entrepreneurial spirit among EU citizens and show them the different opportunities they have in the Single Market.

A well-functioning intra-EU labour mobility is crucial to allow SMEs to hire staff from other EU countries. Therefore, to further strengthen the support of ELA for labour-mobility, a helpdesk for SME employers providing practical, clear, legally reliable information and coherent guidance on applicable EU law is most welcome. SMEUnited calls for more direct guidance to enterprises. With a view to raise awareness and improve compliance, information provision should be tailored to the needs of workers and employers especially in SMEs.

### 1.10 Territorial supply constraints

Unjustified territorial supply constraints can have a negative impact on competition within the Single Market. As the Commission plans on developing tools to act against these unjustified barriers, SMEUnited insists that all relevant stakeholders must be involved to find balanced, proportionate solutions based on qualitative data.

## Boosting European Services Markets

The Strategy emphasises the number of diverse barriers that hinder the functioning of the Single Market, particularly in the services sector. While the Strategy mentions energy-related and technology services, it does not introduce concrete measures on the financial services which are also key to the EU's Savings and Investment Strategy.

SMEUnited urges the Commission to work on concrete measures on the financial sector to preserve competition and boost competitiveness in the EU. What is more, well-functioning regional solutions like local savings and cooperative banking structures play an important role for funding of SMEs and have to be preserved.

One of the main barriers SMEs face in the Single Market is the length of authorisation and permits. Therefore, we suggest regulating administrative silence and to systematically include

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<sup>3</sup> Communication from the Commission on digitalisation in social security coordination: facilitating free movement in the Single Market, COM(2023) 501, 6 September 2023

deadlines in line with the recently established in the Raw Materials Act and Net-Zero Industry act, e.g. 12 months for small projects and 18 months for larger ones.

SMEUnited regrets the strategy does not provide for more proposal in the field of transport. To stimulate innovation, the Single Market must be able to provide companies with alternative transport infrastructure in urban and rural areas, providing coverage all over the EU and thereby promoting the use of electric vehicles for both short and long journeys.

The transport sector faces enormous challenges to meet the goals of the Green Deal. This can only be achieved through a joint effort and a use of all existing and potential modes of transport among them, rail transport. Trans-European Transport Corridors (TEN-T) should prioritise high-speed rail transport not only for passengers but also for goods. With the development of rail transport, companies would see transport cost substantially decreased.

The transport sector has serious problems mainly related to high operating costs and lack of harmonisation, including on cross-border logistics that increases delays and have higher costs due to inefficient or non-harmonised logistics solutions, as well as significant cost differences for freight forwarders and logistics centres depending on the EU country. Consequently, it is necessary to work on a fully interconnected internal market. For SMEs, well connected rural and urban areas are also of high importance for SMEs to offer their services.

The needs of military mobility should be considered one of the key priorities in the development of the TEN-T network, especially in Eastern and Northern Europe. The need for infrastructure for alternative operating forces should also be taken into account, as clearly highlighted in Letta report.

The strategy recognises the need for improvement in the energy sector. The implementation of the strategy must lead to reduce electricity costs for SMEs. While we believe that reaching the EU's climate and energy targets will require all feasible technologies that enable clean energy production, the Single Market must ensure a fair, well-integrated and resilient energy market, free of fossil fuels as soon as possible, while expanding the electricity supply and further strengthening the grids. Of course, as transitory technology, gas-powered electricity has a role to play in the EU's energy mix. Therefore, we welcome the approach of de-risking by diversifying supply and joint gas procurement.

SMEUnited supports the importance of a fully integrated European single energy market, which is highly relevant for SMEs as well as to ensure Europe's competitiveness in a new global order. SMEUnited supports the sound proposals for the promotion of interconnectivity of the single electricity market. We share the view that Europe needs a transmission and grid infrastructure that is fit for a stable and affordable energy supply. Moreover, the self-generation of renewable energy and energy sharing can represent an important contribution of SMEs to the energy transition, as well as an additional source of income for these businesses, which will help increase efficiency by enabling investments in various forms of energy production where conditions are more favourable. This practice should therefore be encouraged and supported.

Digitalisation and globalisation have radically changed the way consumers and companies are buying and selling. In a digitalised economy, it is crucial that the Single Market Strategy ensure access to data, interfaces, software, connection, 5G access, and AI technology. Digital platforms and IoT technologies are becoming indispensable for SMEs to sell products and services and develop their business models. The legal framework on access to markets, liability, rights and duties requires a tailored adaptation.

## SMEs in the Single Market

The Single Market Strategy acknowledges the pivotal role of SMEs and puts forward proposals to make the Single Market closer to European SMEs, which often struggle to grasp all the benefits of it. The implementation of the Strategy is the occasion to deliver concrete answers to European SMEs' demands, which have remained unanswered for years – the last communication specifically dedicated to SMEs was the SME Relief Package and many of its policy actions are still far to be put in place. In particular, SMEUnited strongly supports the Commission's call for a true commitment to the Think Small First principle. This must be a guiding principle when drafting legislation as well as during negotiations.

### The small mid-cap category

In the strategy, the Commission aims at making the Single Market a place where companies can grow and scale. While fully supporting these ambitions, SMEUnited reminds the big majority of European companies are micro-companies that do not all have ambitions to become large ones, and contribute to economic stability, social cohesion and offer qualitative products to consumers. The new category of small mid-caps must be a step towards growth, without shifting the focus on ensuring a level playing field for the smallest companies.

Moreover, the small mid cap category gathers companies with completely different resources than SMEs. SMEUnited insists specific SME funding programmes should not be open to small mid-cap categories, which would dilute financing already split across 99.8% of European companies.

### The SME Passport

The Strategy suggests the creation of a SME ID. According to entrepreneurs, such a tool will truly deliver on simplification only if it goes above proving the SME status. Such an ID should be a broader digital platform through which SMEs can meet their administrative and reporting obligations, while ensuring that documents are submitted only once, in line with the “once-only” principle.

What is more, SMEUnited insists that too many different tools can be counter-productive. As the Commission is now working on the business wallet, the latter and the SME ID should be carefully linked and not create more confusion.

## **A voluntary reporting standard for SMEs**

The Omnibus 1 aims at fixing the weaknesses of the CSRD and CS3D. The focus on sustainability reporting failed to give time to companies to take actions before reporting on it and brought unproportionate obligations on SMEs through a trickle-down effect in supply chains. The Voluntary Standard for SMEs (VSME) is one tool to alleviate the burden.

The VSME is the result of a compromise between companies in scope, banks, and SMEs. While the tool remains complex and will require training, templates, digitalisation and free calculator, it is essential to ensure the market acceptance of the standard, making it the unique questionnaire SMEs should report on. SMEUnited fully supports the recent publication of a Commission Recommendation on the VSME before a proper adoption through a delegate act. The delegated act will have to reflect the simplification efforts, such as it is the case under the review of the ESRS and align requirements to ensure proportionality and feasibility.

## **Simplified taxonomy**

SMEUnited welcomes the proposal of the Commission to develop a voluntary streamlined approach to help SMEs demonstrate their sustainability efforts and improve their access to sustainable finance. SMEUnited supports the new approach to simplifying taxonomy for SMEs proposed in the [Platform report](#). This approach significantly reduces the reporting requirements for demonstrating the sustainability of activities and investment projects by focusing on a limited set of metrics related to substantial contributions to climate targets. It can help to mitigate the additional burden on enterprises by removing the need for assessing Do No Significant Harm (DNSH) or Minimum Social Safeguards (MSS) criteria. Furthermore, it expands the scope to include additional activities beyond those covered by the taxonomy, as well as investments aimed at supporting climate objectives.

With this framework, unlisted SMEs can more easily prove their sustainability credentials, enabling banks to classify loans financing such projects as part of their sustainable finance portfolios.

## **SME Friendly provisions and the SME Envoy Network**

SMEUnited supports the publication of best practice examples of SME-friendly provisions that can be systematically considered, e.g. longer transition periods, reduced reporting obligations or exemptions if trickle-down effects can be avoided. Such examples should be showcased both at European and national level to also support Member States during transposition and avoid gold-plating.

The SME Relief Package published in 2023, the last Commission communication on SMEs, already put forward proposals on SME-friendly provisions. As the strategy aims at such provisions to be systematically considered, SMEUnited reminds there is no one-size fits all and that specific provisions according to the legislation must also be common practices. While the

strategy aims to reinforce the Network of SME Envoys, it could be relevant to revisit the appointment of an SME Envoy within the European Commission itself, a proposal previously included in the SME Relief Package.

## Intellectual property and the SME Fund

SMEUnited collaborates with the EUIPO to raise awareness on the importance of IP protection. This is why the SME fund extension is welcome. Such a fund must be accompanied with more awareness raising and capacity building campaigns.

The Commission rightfully looks at the border regions, where it is complex for SMEs to navigate between two different set of rules between two Member States. For SMEs active in these regions, it must be kept in mind that both sides of the border are their local market. Therefore, together with the Enterprise Europe Network, SME organisations at local level must be enabled to provide targeted services through close and permanent contact to entrepreneurs. SMEUnited regrets the action does not come with more concrete proposals and remains committed to work with the Network to further develop its strength.

## Digitalising the Single Market

The Commission rightfully sees digitalisation of the Single Market as part of the solutions to deliver on a true Single Market. The digitalisation of procedures can indeed alleviate the regulatory burden weighing on SMEs. Nevertheless, digitalisation must always come with simplification; there is no use in digitalising complexity.

SMEUnited welcomes the paradigm shift from a document-based to a data-based Single Market. To make it to the benefit of SMEs, digitalised procedures must ensure the interoperability of data between public authorities, continuously aiming at the application of the once-only principle. The use of AI must be streamlined across public administration, which would have a positive trickle-down effect on what public administrations request from SMEs. SMEUnited calls the Institutions to apply the 'Digital by default' principle. However, we insist that legislation introducing new requirements must guarantee SMEs will have access to the tools to comply before the entry into force of the new rules.

In the opinion adopted in 2024 on a methodology to avoid piling up regulatory burden, the Fit for Future Platform suggested the Commission to design long-term solutions for streamlining the exchange of business data in the EU. The Commission must go a step further by addressing the underlying digital infrastructure for all reporting requirements in the EU.

European businesses are confronted with a fragmented reporting and data-sharing landscape across the EU. Streamlining the exchange of business data in the EU can be achieved by ensuring that information requirements in EU legislation are underpinned by common data standards and components which can facilitate digital, automated, and standardised business reporting and compliance from an SME perspective.



SMEUnited reiterates the need to coordinate the new different digital tools accessible to entrepreneurs, e.g. the SME ID and the Business Wallet, with the ones already provided by existing provisions, e.g. EU Company Certificate. SMEUnited fully supports further development of the Single Digital Gateway and Once-Only Technical Systems as such platform can truly provide relief on the ground and simplify business creation and development. Member States must continue and strengthen their efforts to provide SMEs with digitalised procedures. This will create incentives to create, take over and grow businesses, ultimately supporting EU productivity goals. While the Strategy emphasises the effective use of the SOLVIT Mechanism, other similar tools such as the Single Market Barrier Tracker are not mentioned. These tools are less known and are underutilised by European companies, in particular SMEs. They should be integrated into the Single Digital Gateway to raise awareness.

The Commission deplores a limited adoption of eInvoicing among EU businesses and plans a set of measures to ensure the deployment of the eInvoicing standard. While eInvoicing can bring a lot of added-value to a company, for SMEs, it remains an investment both in software and skills. These issues must be taken into account when developing measures to support eInvoicing uptake.

## Enforcing respect of Single Market rules

In a [joint statement](#) published in February 2025, SMEUnited together with other business organisations insisted on the need for Member States commitment to the Single Market and echoed this call in a recent [publication](#) in September. Additionally, SMEUnited supported the Commission's efforts outlined in the Simplification Communication in working more closely with Member States.

SMEUnited supports this commitment and the proposed actions such as strengthening SOLVIT and continue efforts of the SMET. Furthermore, existing Commission instruments for Single Market infringements, such as infringement proceedings, should be accelerated, and EU pilot procedures should be used more extensively. SMEUnited insists that challenges for implementation should not only be flagged when a major legal act is being finalised through an implementation strategy but at the beginning of the process, in impact assessments, to address these issues before the adoption of legal texts. Furthermore, sector EU legislations should also be much more in the focus for better enforcement.

We recall our support to implementation strategies as well as transposition roadmaps. They should be shared with business organisations to better support SMEs getting ready for compliance.

SMEUnited suggested the Single Market Strategy should develop a more transparent and closer cooperation between the Commission and Member States during transposition. Therefore, we insist on the use of expert groups to support implementation.

The Commission considers setting up a new EU Market Surveillance Authority and closer cooperation with customs authorities is being sought, especially focusing on direct e-commerce imports from third countries to European consumers. SMEUnited fully supports such action and calls on the Commission to put it in place as soon as possible. This is particularly urgent given the growing volume of counterfeit goods entering the EU via e-commerce, which undermines consumer safety and fair competition.

## Bringing the Single Market closer to SMEs

### Protecting European quality of products

In recent years, it has become clear that the presence of local shops and physical distribution points is crucial in times of crisis, whether related to public health emergencies, geopolitical tensions, or disrupted supply chains. SMEs are a true hallmark of the European economy. This is the proximity business model and widespread entrepreneurship, in which small businesses create and experience a direct link with the territory and play a major role in shaping its main features of economic, social and cultural identity. Therefore, SMEUnited insists on the necessity for a paradigm shift. EU strength relies on the businesses producing according to local tradition, placing very qualitative products on the market with a savoir-faire that cannot be imitated at a larger scale.

Despite this important role in the economy as producers of very specific goods and services, European companies suffer from a severe and unbalanced competitive disadvantage compared to non-European products entering the market through e-commerce platforms, leading to a massive influx of products that often do not meet European safety, labour, or environmental standards. This includes a growing share of counterfeit goods, which further undermines consumer protection and fair competition. In several Member States, customs and market surveillance authorities are no longer able to adequately monitor these untenable flows of goods, which only increases the pressure on our own retail structures. In some cases, the influx of non-compliant products threatens to spiral out of control, creating structural damage to our local economy. The unfair competition is forcing many SMEs into bankruptcy or closure. This not only affects the competitiveness of European SMEs but also undermines Europe strategic autonomy and supply security. Actions taken under the Single Market Strategy should reflect this urgency.

The ongoing customs reform aims to establish a new EU Customs Authority, remove the customs duty exemption for parcels valued under €150, and introduce a €2 handling fee on these parcels. SMEUnited calls on the European Commission to carry out an assessment of the proportionality of the proposed handling fee, including a consultation of all economic stakeholders in relation to the objectives pursued, namely, the protection of safety, health, the environment, and European businesses. SMEUnited also calls for the implementation of this handling fee as early as 2026.

## Protecting small-scale production

While the Strategy contains good basis to further develop the Single Market and ensure SMEs can grasp all the benefits of it, it fails to acknowledge what Enrico Letta flagged in his report, the importance of the freedom to stay. Due to their local and regional embeddedness, not all SMEs in Europe are operating cross-border. Therefore, it must be made sure that those SMEs are not negatively affected through single market legislation.

The Single Market will be truly robust if it pays attention to small-scale operations, proximity, social security, and accessible public instruments. It is important that these dimensions are not buried under a logic that mainly focuses on scale and growth. A functioning Single Market should be a market with equal chances for companies active cross border and those active at local level. The Single Market should aim to be resilient in an uncertain world and must do justice to the economic reality: diverse, locally rooted, and supported by a variety of business models, each contributing value in its own way.

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