

Shaping Europe for SMEs, shaping SMEs for Europe

# VISION 2040

## by Crafts & SMEs



## FOREWORD

European Crafts and SMEs are at the heart of Europe's economy, culture and communities. They provide essential products and services, create employment, foster entrepreneurial spirit, and sustain the diversity that defines Europe. Over the coming decades, Crafts and SMEs will face profound transformations. Geopolitical tensions, technological disruption, climate change, demographic shifts, and evolving consumer behaviour are fundamentally reshaping the business landscape.

To navigate this rapidly evolving environment, SMEUnited launched a process to develop the Vision 2040 by Crafts & SMEs. Along with our member organisations, we looked beyond immediate challenges and developed a forward-looking perspective on what society and economy might look like in 2040, and what role Crafts and SMEs would play in this future.

Ensuring that SMEs remain competitive, resilient and empowered is essential for Europe's prosperity and cohesion. The Vision 2040 is our shared compass, guiding us toward a future where Crafts and SMEs thrive and contribute to Europe's prosperity.

To translate the Vision 2040 into reality, SMEUnited will engage with the European Institutions to make the application of the Think Small First principle concrete.

We invite all policymakers and stakeholders to join us in this effort, to think small first, and act accordingly.



Petri Salminen, President



Veronique Willems, Secretary General

## INTRODUCTION

The Vision 2040 by Crafts & SMEs is the result of a collective process. Together with our member organisations, we worked through a comprehensive scenario and vision development process. Based on desk research and the identification of key influencing factors, SMEUnited members developed via an interactive approach three distinct scenarios depicting alternative futures for Europe's business landscape until 2040.

They then analysed the implications of each scenario, identifying both challenges and opportunities. This iterative process helped identify the most desirable elements across scenarios, which were then summarised into an ambitious Vision 2040.

The Vision 2040 provides a framework for SMEUnited's engagement with the EU Institutions and other stakeholders to champion policies supporting small business success. The development of the scenarios and the resulting vision towards 2040 positions SMEUnited to more effectively prepare for transformative changes with strategic clarity.

The Vision 2040 is underpinned by key actions that SMEUnited and its stakeholder groups should take to realise this preferred future.

SMEUnited partnered with Capful to guide them through this comprehensive scenario and vision development process.



# FORESIGHT SCENARIOS FOR EUROPE'S BUSINESS LANDSCAPE

Scenarios are created to understand the plausible and alternative future operating environments. They provide insight for building future oriented strategies and business plans, and address both the world of facts and the world of perceptions. Scenarios form a context against which decisions and strategic assumptions can be tested in advance.

Looking at the future in 2040 for Crafts and SMEs, three potential scenarios were developed.

## Green Deal Prosperity

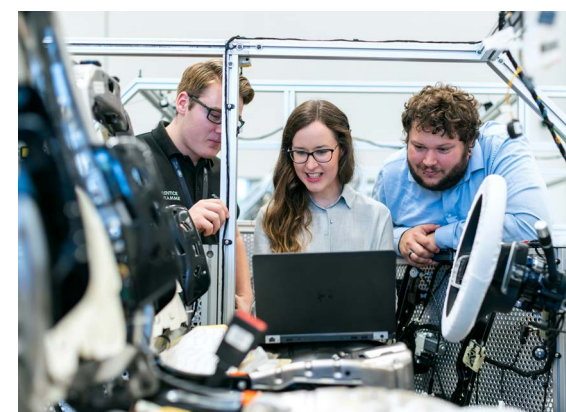
According to the first scenario, the European Union (EU) is enlarged and financially revitalised, and is a leading force in addressing worldwide concerns. Carbon neutrality is pursued EU-wide and the Green Deal policy drives investments and research. Businesses thrive in a digitally transformed, sustainable, and interconnected economy. The revival of traditional Crafts alongside technological innovation creates a rich and diverse economic landscape, supported by favourable policies, increased access to finance and investments.

## Nationalist resurgence

The second scenario is characterised by rising nationalism, which strains relations within the EU and causes divergence. Trade barriers are put in place, undermining the Single Market. Some Member States have even left the EU. Efforts to reduce barriers to entrepreneurship gain momentum across Europe. The responsibility for sustainability largely shifts to consumers and businesses. The number of solo and necessity entrepreneurs grows. The digital divide among SMEs widens as some fully embrace e-commerce, while others maintain a traditional approach.

## Platform dominance

In the third scenario, the European Union has allied itself with global tech giants. The European economy has grown, but platform players and economies of scale rule the day. Most transactions take place online through big tech, and Crafts and SMEs are either driven out of business or become subcontractors for the platform and tech companies. Additionally, tightening labour and sustainability regulations place heavy burdens on SMEs, further complicating their business operations.





# THE VISION 2040 BY CRAFTS & SMEs

Based on the analysis of the implications resulting from the three scenarios, SMEUnited with its member organisations identified the most desirable developments in the operating environment of Crafts and SMEs to help them thrive in the transition towards 2040.

Among these developments, the Vision 2040 envisages for the future of Crafts and SMEs:

- A secure, democratic world with a rules-based global market and efficient and transparent supply chains providing trade opportunities for SMEs around the world.
- A transparent and integrated European Single Market, with competitive pricing and entrepreneurial freedom.
- A European Union where market and innovation-driven green transition with SME-led innovations grows and digital technologies are fully leveraged, as a result of the widespread of digital literacy and access to affordable digital infrastructure.
- A streamlined, stable and flexible regulatory environment with smart regulation empowering smaller businesses.
- A dynamic labour market with qualified and skilled workforce, which enables SMEs to confidently hire, grow, thrive, and offer quality employment.
- An inclusive and technology-enabled labour market with streamlined migration systems, able to match qualified talent with SME needs.
- A fully functional Capital Markets Union with predominating market-based financing, built on a stable macroeconomic environment with controlled inflation and monetary conditions.
- Equal opportunities for businesses of all sizes guaranteed by policies that promote entrepreneurial diversity, spirit and mindset.
- A world in which businesses thrive in all regions, through digital connectivity and with simplified access to EU funding.
- A world where Crafts and SMEs are anchors of local identity, resilience, democracy and trust.

The key focus areas presented in the Vision 2040 are further elaborated below.

## Geopolitics, security and resilience

The Vision 2040 outlines a safe and democratic world, where peace, the rule of law and basic human rights are guaranteed at all times. This is accompanied by a thriving and rules-based global market that strengthens prosperity and purchasing power for everyone.

SMEUnited and its members wish to see a globally assertive European Union that can secure its businesses' and citizens' interest and opportunities worldwide. Resilience strategies must also be in place to enhance the ability of Crafts and SMEs to quickly adapt and recover from disruptions, accompanied by reducing bureaucratic burden and fiscal policy measures.

## Demographics and migration

In the Vision 2040, SMEs have adapted to demand shifts due to demographic changes. Labour supply is supported by social protection systems incentivising labour market participation and making work pay.

In addition, labour market services efficiently match qualified people with SME needs by using technological solutions and benefiting from mobile and flexible labour markets. At the same time, they also focus on activating persons for the labour market.

Streamlined systems integrate skilled migrants into the European workforce, promote their acceptance, address demographic challenges and foster entrepreneurial diversity.

## Social cohesion and regional development

In 2040, Crafts and SMEs are acknowledged for ensuring economic and social cohesion across Europe's regions.

Technology enables decentralised work patterns that revitalise communities across Europe, while simplified access to EU funding supports regional development and cohesion. Digital connectivity and mobility services

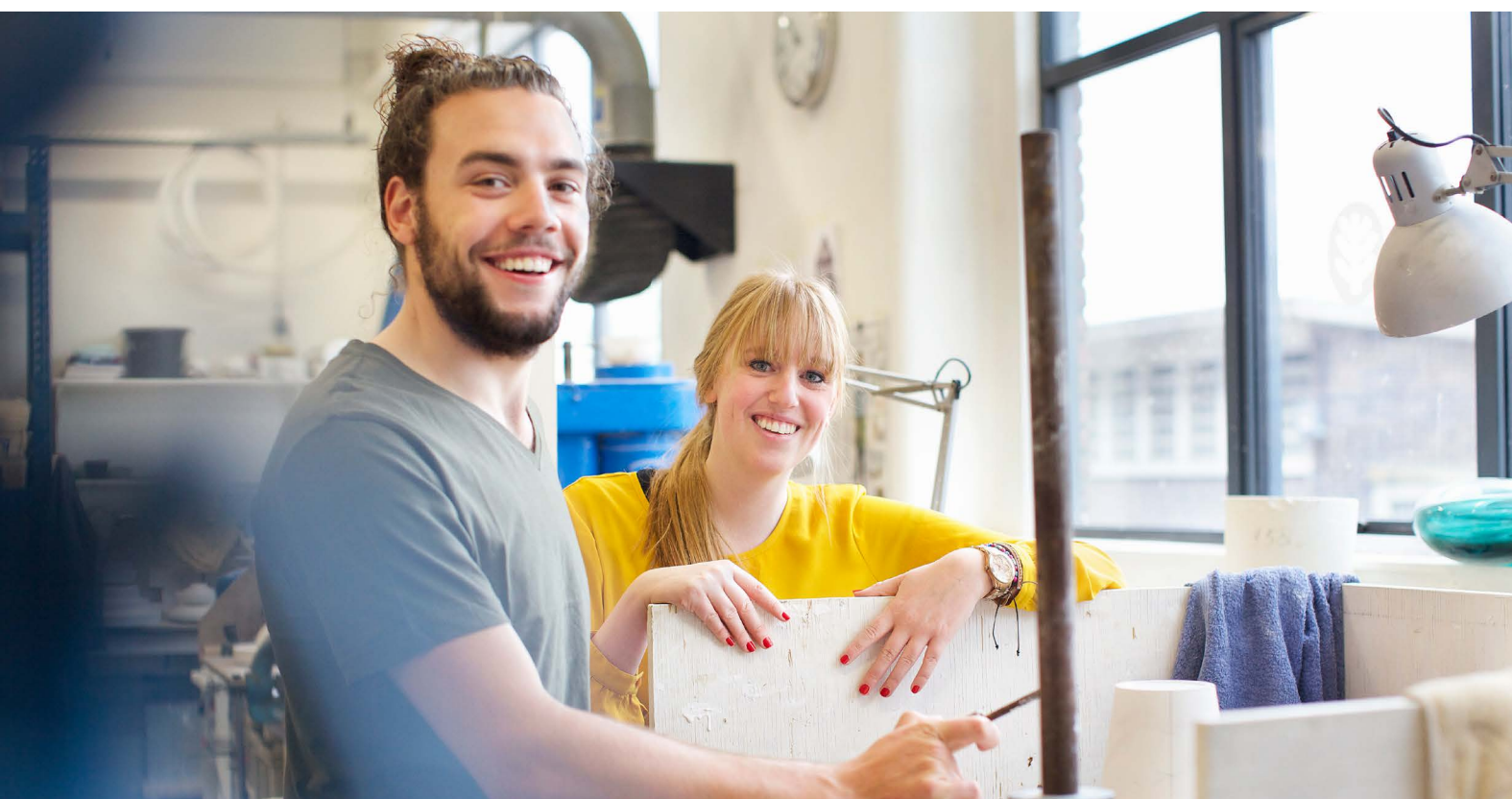
enable businesses to thrive in all regions, including less populated areas, through smart specialisation strategies.

Crafts and SMEs are recognised as anchors of local identity, resilience, democracy and trust. They provide local jobs, regional added value and promote social cohesion and social life in regions, with a specific importance in rural areas.

## Global trade and supply chains

The Vision 2040 presents a trade system based on WTO rules and European Union diversified trade partnerships, providing trade opportunities for SMEs around the world. Efficient, diverse and resilient supply chains with reduced strategic dependencies are in place, supported by transparent information systems and smart logistics.

While most of European Crafts and SMEs are active on the local and European market, many SMEs participate confidently in global value chains, while maintaining security and access to critical resources, materials, manufacturing, and technologies.





## Single market

In 2040, the European Single Market functions in a transparent and integrated manner. It works on the basis of simplified cross-border procedures for SMEs and rules that respect regional differences, Craft traditions and production methods, and provides equal opportunities.

Competitive pricing and entrepreneurial freedom are incentivised with reduced barriers and less bureaucracy, enabling seamless operations across the continent and the respect of the Only Once Principle.

The EU Single Market and its customs framework protect European SMEs from unfair competition by ensuring that non-EU products and services that do not meet European standards cannot enter the market.



## Green transition and climate policy

Crafts and SMEs in 2040 rely on a regulatory environment that supports market-driven innovation to address sustainability. Market-driven solutions lead Europe's green transition. Innovation frameworks empower SMEs to develop cost-efficient solutions to reach common objectives.

SMEs benefit from a clear, simple, stable regulatory framework and a level playing field. Crafts and SMEs contribute to preparing and protecting society from extreme weather such as floods and heatwaves.

SMEs have introduced innovative solutions and use AI and digital tools to optimise work

processes. With their hands-on expertise and implementation power, they are valued across society for making the green transition happen.

## Digital transformation

In the Vision 2040, SMEs fully leverage new and emerging digital technologies including Artificial Intelligence (AI), Internet of Things (IoT) and blockchain to enhance productivity and competitiveness, as well as to reach new markets. Digital literacy is widespread, and SMEs have access to affordable digital tools and infrastructure with cybersecurity protections embedded in all business operations. Digital platforms connect businesses directly with customers and legislation ensures that European SMEs are fairly treated on platforms.

Single Market rules, requirements and compliance are data-based instead of paper-based.

Barriers that prevent a stronger uptake of digital technologies by SMEs have been removed. Access to data for SMEs has been facilitated and standards for interoperability solutions contribute to the competitiveness of SMEs.

## Regulatory framework

In 2040, Crafts and SMEs thrive in a streamlined, stable and transparent regulatory environment, where European and national rules work seamlessly together. The regulatory environment is balanced with clear objectives and flexibility for businesses in implementation methods.

"Think Small First" is the guiding principle. When drafting legislation, clear focus is on flexibility for SMEs in how to achieve the policy objectives, and the approach is based on trust rather than control and reporting.

Smart regulation with flexible, proportionate, effective rules and stakeholder involvement protects smaller businesses from unfair competition while enabling innovation. The level playing field is ensured via effective implementation and enforcement of common rules by efficient public authorities.







## Skills and labour market

In the Vision 2040, SMEs have access to a skilled and comprehensively qualified workforce, whose skills align precisely with market needs, particularly in emerging technologies and evolving business models. Lifelong learning and continuing professional development empower businesses to thrive in the digital and green economy.

The mutual recognition of professional qualifications across the EU enhances worker mobility. The European framework maintains rigorous standards rather than allowing a race to the bottom in qualification levels. Vocational education and training stand as a recognised pathway with equivalent societal value to academic training. The labour market is characterised by legislation that enhances flexibility and employability, enabling competitive SMEs to confidently hire, grow and offer quality employment.

## Stable macroeconomic environment

In 2040, a stable macroeconomic environment is ensured. This is underpinned by controlled inflation and monetary conditions, supported by fiscal rules that ensure long-term sustainability, especially in times of aging populations. Responsible Social Partners ensure that wages are aligned with productivity and do not endanger competitiveness and avoid inflationary pressure.

The tax environment is conducive for European SMEs, characterised by simplified tax regulations, reduced compliance costs and incentives that promote innovation, business sustainability and growth.

## Access to finance

European SMEs in 2040 operate in a well-functioning European Capital Markets Union with diverse funding options beyond traditional banking, while the latter remains available as a crucial provider of finance for SMEs.

Market-based financing predominates, with limited public support, mainly in the form of guarantees where clear market failures exist. Specialised financial instruments and tailored products for SMEs recognise the value of intangible assets, like traditional knowledge and craftsmanship.



## Entrepreneurial society

In the future EU, equal opportunities for businesses of all sizes prevail, with policies that promote entrepreneurial diversity, entrepreneurial spirit and European technological sovereignty.

Market-based solutions address structural challenges rather than relying on public subsidies, fostering genuine competition, entrepreneurship and innovation. Competitive conditions acknowledge the value of quality, tradition, and local production.

A healthy ownership environment ensures business continuity during ownership transitions. Succession planning is well-supported.

Education at all levels fosters entrepreneurial mindset and competences, making entrepreneurship an attractive and respected career path.



More info:



# VISION 2040

## by Crafts & SMEs

