

Strengthening the role of SMEs in Europe's digital, economic and sustainable transformation

Why reducing fragmentation is key to EU competitiveness

SMEs can participate in the Single Market – but fragmentation still makes it too difficult for them to scale across borders. Closing this “scale gap” is essential for Europe’s productivity, competitiveness, and economic integration.

Why SMEs matter

99.8%

of EU businesses
are SMEs

88.7 million

jobs supported
by SMEs

50%+

of EU value added
generated by SMEs

But when they want to reach new customers online, they struggle due to:



Fragmented national rules: 27 parallel regulatory systems



Complex compliance requirements (e.g. EPR registration & reporting)



High fixed costs when operating across multiple markets

The impact

67%

of SMEs trade
cross-border

18%

want to, but do not

≤ 2.5%

of turnover
spent on compliance

24%

face severe
financing constraints



Ian Naughton

Naughtons Car Dismantlers
Castlebar, Republic of Ireland

“ We want to expand across Europe and there’s strong demand for what we sell, but navigating different national rules can be difficult. At times, selling outside the EU feels more straightforward, which makes us reconsider where to focus our growth efforts.”

Key takeaway

The challenge is no longer SME participation – it is enabling SME scale

The digital opportunity



Digitalisation and e-commerce have enabled SMEs to:

- Reach customers across borders
- Grow beyond local markets
- Compete regardless of location

SME scaling online and across borders represents a major untapped growth opportunity

- 96% of eBay small businesses in the EU sell across borders
- Compared to ~6.5% of traditional businesses
- Completing the Single Market could increase the EU GDP by 3–4%
- Removing barriers in services could add +2.3% GDP (~€353bn)
- Long-term integration gains estimated at +12–22% GDP

How do we seize it?

① Reduce fragmentation

- Simplify and harmonise rules across Member States

② Enable SME scaling

- Support digitalisation, finance, and cross-border growth

③ Deliver an ambitious 28th regime

- A single EU framework to reduce complexity
- Accessible to both new and existing SMEs across all sectors
- Foundation for further harmonisation

If Europe wants SMEs to drive growth and competitiveness, the next step is clear: make it easier for them to scale across the Single Market.