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From:	General Secretariat of the Council
To:	Council
Subject:	2025 Report of the Network of SME Envoys to the Competitiveness Council
	- Presentation by the Commission

Delegations will find attached the 2025 Report of the Network of SME Envoys to the Competitiveness Council in view of its meeting on 8 December 2025.

NETWORK OF SME ENVOYS

2025 REPORT OF THE NETWORK OF SME ENVOYS

TO THE COMPETITIVENESS COUNCIL

1. Introduction

Since 2014, the Network of SME Envoys reports annually to the Council of Ministers for Competitiveness (COMPET). For the 2025 edition, the Network decided to move towards more strategic reporting and present the description of the work undertaken in the past year in an annex. SMEs are an integral and indispensable part of the European economy, and their economic well-being is hence paramount to reaching the competitiveness goals of the EU.

The report is structured around three analytical chapters addressing key SME challenges: (1) regulatory simplification and administrative burden reduction, (2) barriers and fragmentation within the Single Market, and (3) start-up, scale-up and access to finance. Each chapter ends with recommendations for policy action. Thereafter, the report outlines the Network's priorities for 2026, with concrete steps to strengthen SME competitiveness across the European Union. It further contains an annex describing the activities of the Network in 2025.

The Network of SME Envoys submits this report to the COMPET Council in the conviction that a forward looking and pro-active SME policy is crucial for the economic future of the European Union.

2. Economic context

In 2024, small and medium-sized enterprises (SMEs) in the 27 Member States comprised **26.1 million** active businesses and employed **89.8 million people**. SMEs are **fundamental to the European economic landscape**, representing **99.8% of all enterprises**, employing **65.1%** of the workforce, and contributing **53.6%** of value added in the non-financial business sector in 2024. The overwhelming majority of these enterprises are micro-enterprises (less than 10 employees), accounting for **93.6% of SMEs**.

The SME Performance Reviews of recent years¹ show that SMEs are maintaining a pivotal role in employment and innovation, at the same time operating within a persistently challenging environment.

On the positive side, the dynamism of the sector is undeniable:

- The **number of SMEs** is estimated to have grown by 1.2% annually in 2024-2025. SMEs continue to be the primary engine of job creation. In 2024, **SME employment** rose by 1.1%, led by micro-SMEs (+1.6%), followed by small SMEs (+0.9%), and medium-sized SMEs (+0.4%).
- **Micro-enterprises** consistently demonstrate **greater resilience than bigger companies**. Micro-enterprises are the **primary drivers of growth in both employment and real value added**, outperforming all other size classes in 2024-

2025 and leading the recovery in strategic ecosystems like Aerospace and Defence.

Table Economic structure of enterprises per size class, in EU for 2024²

Class size	Number of enterprises		Number of persons employed		Real Value Added	
	Number	Share	Number	Share	Billion €	Share
Micro	24,514,649	93.6%	41,540,252	30.1%	1,538	20.1%
Small	1,404,631	5.4%	26,889,824	19.5%	1,273	16.6%
Medium-sized	214,000	0.8%	21,358,947	15.5%	1,293	16.9%
SMEs	26,133,280	99.8%	89,789,023	65.1%	4,104	53.6%
Large	44,358	0.2%	48,039,714	34.9%	3,559	46.4%
Total	26,177,638	100%	137,828,737	100%	7,663	100%

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

- Investment in intangible assets remains crucial for innovation and future earnings³. SMEs dedicate a higher proportion of their investment to intangible assets compared to large firms (e.g. 16% of SMEs total investment is in software, data, IT and website activities vs. 12% in large firms).

However, several challenges remain:

- SMEs display a persistent productivity gap relative to large enterprises, falling from being 68% as productive as large firms in 2008 to 60% in 2024. Micro- and medium-sized enterprises caught up slightly in 2025. Significant productivity growth occurred in sectors like 'digital', 'retail', and 'energy-renewables'.
- There was an overall decline in SMEs real added value (- 0.2%) in 2024. A rebound of +1.6% is expected in 2025, mainly driven by micro-enterprises.

Scale-ups are essential to Europe's strategic autonomy and innovation capacity and their impact far exceeds their numbers. Defined as companies that have increased their number of employees or turnover by at least 30% over a three-year period, scale-ups represent around 13-15% of SMEs but account for up to 69% of job growth in the EU economy. Scalars are more productive, invest more in research & development, and are far more likely to adopt key digital technologies like cloud computing and Artificial Intelligence than their non-scaling peers. A strong correlation exists between internationalisation and

¹ [SME Performance Review – Internal Market, Industry, Entrepreneurship and SMEs](#)

² [Annual Report on European SMEs 2024/2025](#)

³ [EIB Investment Survey 2025: European Union overview](#)

scaling. SMEs that export are significantly more likely to become scale-ups, leveraging global markets to fuel their expansion.

According to the EIB Investment Survey of 2025, one of the primary obstacles to investment for EU companies is business regulation, cited by 69% of respondents. The cost of bureaucracy is estimated to amount to around 1.1% of EU firms' turnover, rising to 1.8% for SMEs.

Having in mind that 77% of SMEs plan to grow in the next few years, this report focuses on the three key challenges standing in the way of SME growth: administrative burden, single market barriers and scaling up / access to funding. Each of these sections will provide a problem analysis, a short summary of EU actions taken in the area and a list of proposals from the Envoys. The report then includes at the end a list of priorities for the Network for 2026.

3. Regulatory Simplification and Administrative Burden Reduction

According to the Flash Eurobarometer "Startups, Scaleups and Entrepreneurship"⁴ (2025), 64% of SMEs cite regulatory and administrative burdens – a large part of which relates to national or local legislation as major challenges. For example, tax compliance costs are disproportionately high for SMEs due to limited resources. In absolute value, according to a 2023 study published by the European Parliament⁵, "compliance costs amount on average to about EUR 15 000 per year for enterprises located in the EU-27 countries plus the UK". Fragmented implementation and frequent rule changes further raise uncertainty and complexity, and thereby compliance costs.

The policy and legal framework combine preventive and corrective measures. The SME Test and SME Filter, supported by the Network of SME Envoys, screen new legislation for SME relevance. Under the 2025 Single Market Strategy, rule-makers are encouraged to integrate SME-friendly provisions, with a best-practice compendium due by end-2025 to support consistent application across EU and national legislation.

Corrective action includes the Commission's omnibus proposals, which simplify requirements such as sustainability reporting via the Corporate Sustainability Reporting Directive and replace paper procedures with digital ones.

⁴ European Commission. (2025). *Flash Eurobarometer 559 – Startups, scaleups and entrepreneurship: Report*. Publications Office of the European Union. <https://doi.org/10.2873/3871440>

⁵ D'Andria, D., & Heinemann, M. (2023, March). *Overview on the tax compliance costs faced by European enterprises – with a focus on SMEs: Executive summary* (PE 642.353). European Parliament, Policy Department for Economic, Scientific and Quality of Life Policies (DG IPOL), requested by the FISC Subcommittee. https://www.europarl.europa.eu/RegData/etudes/STUD/2023/642353/IPOL_STU%282023%29642353%28SUM01%29_EN.pdf

The Network of SME Envoys operates the SME Filter. Since 2025, it has also exchanged data on the cumulative impact of sustainability rules to support proportionate implementation. The Network will strengthen its role as the main interface between SMEs and EU policymakers. It will systematically exchange best practices on burden reduction – such as simplified reporting and compliance procedures – and establish a feedback mechanism that channels SMEs’ real-world experiences into legislative reviews. As regards sustainability reporting, the Network supports the EFRAG SME Forum focusing on the voluntary VSME standard and will continue to contribute to the Forum’s work as institutional observer.

Small businesses need clear, consistent, and predictable rules. The Network of SME Envoys will act as a catalyst for harmonised, high-quality regulation that cuts red tape and improves outcomes for SMEs, contributing to the work of the European Commission and the Member States (Competitiveness Ministers). A common harmonised practice of policies and tools to reduce administrative barriers in all Member States will support the simplification of legislation. The Network fully supports digital initiatives in areas such as market surveillance, customs, standardisation, consumer protection and company law which can significantly reduce administrative burdens and open up new opportunities for businesses.

To advance these objectives, the following recommendations outline specific actions to achieve said goals:

- ✓ **SME participation in implementation dialogues and reality checks**
The Commission should make sure that 20% of companies invited to implementation dialogues are SMEs, or their representatives, and SME-related questions are systematically included in the discussion paper of the implementation dialogue and ensure a similar participation in reality checks.
- ✓ **Ensure systematic use of the SME Test/Check and SME friendly provisions**
In line with European Council conclusions of October 2025, focus on the need to avoid over-regulation and the introduction of new administrative burdens, on SMEs, throughout the legislative and implementation processes at all levels. To achieve this, apply the SME Test and the new SME Check in all relevant impact assessments; include SME friendly provisions in legislative proposals, considering sectoral specificities.
- ✓ **Move forward with the revision of the Interinstitutional Agreement on Better Law Making**

EU legislation is often subject to the introduction of substantial amendments during negotiations, with the European Parliament and Member States often disregarding the impact and costs of such amendments on SMEs. The revision of the Interinstitutional Agreement on Better Law Making represents an opportunity to renew the 2016 commitment and apply this principle in a much more pragmatic and methodological way. This includes adopting a simple methodology to assess amendments that increase costs, create the risk of additional adverse impacts or significantly reduce the simplification potential of a Commission proposal.

✓ **Make simplification and burden reduction a standing agenda item**

Continue identifying unnecessary administrative burdens for SMEs in EU legislation including the three costliest areas for SMEs – reporting obligation, company registration, and cross-border trading. Review progress on administrative simplification and share national best practices – such as reduced reporting frequency or simplified registration. Include dedicated section in the Annual Simplification Report of the Commission, tracking progress toward the 35% administrative-cost reduction target for SMEs.

✓ **Advance digital-ready legislation and one-stop-shops**

Promote consensus on the fundamental principles to ensure more digital solutions, focusing on harmonisation of data formats, streamlined B2B data templates, interoperability of business systems, and automation of reporting requirements, including digital-ready legislation and business-centric digitalisation or one-stop-shops to help SMEs meet regulatory requirements efficiently, without redundant data submissions. Integrate above elements in SME-friendly provisions. Highlight best practices on one-stop-shops. Explore possibilities for data-exchange templates.

✓ **Strengthen knowledge-sharing and coordination**

Encourage knowledge-sharing among Member States to replicate successful examples of reducing administrative burdens and streamlining regulatory processes, ensuring a harmonised approach to any new regulatory frameworks.

4. Addressing the barriers and the fragmentation of the Single Market

Despite progress, the Single Market remains fragmented by regulatory, administrative, and fiscal barriers that disproportionately affect SMEs. In 2022, only 13.1% of EU SMEs exported goods to other EU countries, down from 15.9% in 2019⁶. SMEs most frequently cite differences in business environments (including due to language issues) (33%), lack of accessible information on rules and requirements (30%), and taxation complexities (29%) as major barriers to cross-border expansion⁷. These structural obstacles limit competitiveness, innovation, and scale-up potential across the Union.

Ongoing efforts, including the monitoring of the “Terrible Ten” Single Market barriers⁸, have improved transparency, but divergent taxation systems and business regulations remain unresolved. The Network of SME Envoys plays a central role in identifying concrete barriers and proposing practical solutions to remove such barriers.

This role should be reinforced through real business cases and exchange of examples on how fragmentation is addressed in practice. SME Envoys should be kept directly and fully informed by the SMET, report findings at Network meetings, and contribute directly to eliminating the “Terrible Ten” barriers. As part of the Better Regulation Agenda, the Network will promote alignment of national rules with EU standards, particularly in mutual recognition, standardisation, and process harmonisation

The Network will also focus on priority sectors such as services and e-commerce, working closely with the Commission to ensure consistent enforcement of Single Market rules and to provide feedback on national practices that may hinder integration.

Improving access to markets requires consistent enforcement, harmonised rules, and digital-by-default implementation that works for SMEs. The Commission has already initiated several exercises within the Network of SME Envoys to further advance this work, such as voluntary measures to be taken by Member States to encourage cross-border trade and to facilitate the establishment of SMEs in hosting Member States, and the creation of a regular follow-up mechanism to monitor data on Single Market barriers affecting SMEs.

To advance these objectives, the following recommendations outline specific actions to achieve said goals:

⁶ European Commission. (2025). *Single Market Scoreboard – Competitiveness: Integration of goods and services*. European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs. Retrieved October 28, 2025, from https://single-market-scoreboard.ec.europa.eu/competitiveness_en#:~:text=Integration%20of%20goods%20and%20services.

⁷ Flash Eurobarometer 559

⁸ European Commission. (21 May 2025). *The Single Market: Our European home market in an uncertain world – A strategy for making the Single Market simple, seamless and strong* (COM(2025) 500 final). European Commission.

- ✓ **Advise on transposition and enforcement of EU law**
Give guidance to Member States on how to transpose EU law (best-practice exchange; diagnose weak/uneven implementation) and prioritise enforcement over new rules.
- ✓ **Expand the SME dimension of the Single Market Strategy**
The Commission should establish clear mid- to long-term KPIs, which reflect the barriers SMEs experience in practice and measurable targets for cross-border integration and enforcement of Single Market rules to enable a review process and tracking of progress.
- ✓ **Monitor and update Single Market barriers (“Terrible Ten”)**
Report annually on, update and extend the list of the “terrible ten”, with a view to gradually tackle Single Market barriers beyond those identified in the strategy.
- ✓ **Enable interoperable and digital-ready business systems**
Promote digital solutions and a data-driven Single Market, making it easier for SMEs to exchange B2B information and comply with regulations across borders, to ensure harmonization and interoperability of businesses’ existing data flows and IT systems, as well as standardized data formats for reporting, with special attention to the needs of SMEs.
- ✓ **Ensure coherent rollout of Digital Product Passports (DPPs)**
Harmonise implementation and definitions of DPP provisions across product legislation, in line with the recommendations set out in the SME Envoy report on DPP of 2025, to avoid a fragmented roll-out of DPPs, ensuring product information is centralised and entered once, while avoiding multiple data carriers in one product. To be codified in the NLF revision.
- ✓ **Focus harmonisation on SME-relevant product rules**
Focus efforts on harmonisation in areas that matter most for SMEs, especially rules on goods-related standards such as packaging, labelling, waste management (incl. EPR schemes), as well as product compliance in general. Remove unnecessary admin burden in these areas, such as the authorised representatives.

5. Start-up, scale-up and access to finance

Late payments and restricted access to finance remain major structural barriers to SME growth and competitiveness in the EU. Furthermore, enterprises also face a “cliff-edge” when they grow out of SME status – losing access to SME-targeted support and finance while encountering heavier regulatory and reporting burdens without a graduated transition.

According to the Eurobarometer, 39% of SMEs identify payment delays as a top challenge followed by 27% citing access to finance and liquidity constraints⁹. Persistent delays weaken SME cash flow and increase bankruptcy risks, payment delays are estimated to cause 1 out of 4 bankruptcies¹⁰.

Limited access to equity and venture capital further constrains innovation and scale-up potential, especially for high-growth and technology-oriented firms – an issue highlighted in the *EU Startup & Scaleup Strategy*¹¹, which notes that the European venture capital market remains highly fragmented and underdeveloped compared to global peers. SMEs usually face more severe supply chain disruptions than large enterprises, mainly in times of crisis, due to the more limited capital available to them, limited human resources and infrastructure, as well as the often-limited information.

To address these structural weaknesses, the Commission has proposed a *Late Payment Regulation (2023)* to replace Directive 2011/7/EU, introducing stricter non-negotiable 30-day payment terms and ex-officio enforcement mechanisms to protect liquidity and strengthen payment discipline. The fourth Omnibus proposal introduced a definition of small mid-caps, creating space for tailored measures or firms that outgrow the SME status.

Measures under InvestEU and the future European Competitiveness Fund (ECF) aim to expand venture and growth financing through faster procedures, the Seal for Competitiveness, and improved access for start-ups and scale-ups to cross-border capital markets. Future policy actions will integrate SMC needs into revisions of the Public Procurement Directive and the Standardisation Regulation, and the proposal on the Digital Omnibus.

The Network of SME Envoys can play a role in removing financial barriers and helping to ensure that EU and national instruments are accessible and effective for SMEs, because access to finance remains a major concern for SMEs. Its role will be strengthened through systematic knowledge sharing on best practices and innovative financing models, as well as by raising the visibility of funding opportunities across Member States. The Network will also engage more closely with financial stakeholders to identify SME-specific financing needs and gaps, evaluate how existing tools – such as the European Innovation Council – have supported scale-ups, and provide input on how the next Multiannual Financial Framework can better address remaining gaps.

⁹ Flash Eurobarometer 559

¹⁰ Business-to-business transactions: a comparative analysis of legal measures vs. soft-law instruments for improving payment behaviour <https://publications.europa.eu/en/publication-detail/-/publication/c8b7391b9b80-11e8-a408-01aa75ed71a1/language-en/format-PDF/source-103408786>

¹¹ European Commission. (2025). *EU Startup & Scaleup Strategy: Staff Working Document (SWD)*. Publications Office of the European Union. Retrieved from https://research-and-innovation.ec.europa.eu/document/download/8f899486-6e4e-48df-8633-9582375f41eb_en?filename=ec_rtd_eu-startup-scaleup-strategy-swd.pdf

The overall goal should be to enable more SMEs, start-ups and scale-ups to grow in Europe by ensuring simple, transparent, and cross-border access to capital and support – boosting innovation, competitiveness, and job creation in the Single Market.

To advance these objectives, the following recommendations outline specific actions to achieve said goals:

- ✓ **Simplify SME access to EU and national funding**
Support the development of straightforward, administratively simple pathways for SMEs to access EU funding, ensuring close alignment between national and European financing initiatives. The overall aim should be to minimise paperwork and bureaucracy so that SMEs and scale-ups can easily apply for and benefit from available financial support.
- ✓ **Ensure that the Savings and Investment Union works for SMEs**
Strengthen SME access to diversified financing by simplifying listing requirements, improving investor information, and expanding tailored financial instruments. At the same time, address remaining barriers – such as high regulatory complexity and limited cross-border investor participation – to ensure SMEs can fully benefit from integrated EU capital markets.
- ✓ **Accelerate funding procedures and advisory support**
Promote EU programmes that radically simplify application procedures and accelerate the process for SMEs to obtain both grants and guidance on external financing. This includes establishing easy-to-use digital tools and providing direct and sector-specific advisory services to help SMEs both navigate funding options and attract private investors.
- ✓ **Expand blended-finance and venture-capital instruments for scale-ups**
Promote targeted, innovative funding solutions for scale-ups that particularly leverage blended finance models and venture capital initiatives with the explicit goal of mobilising private investments. The design of EU programmes should ensure easy access for businesses, reduce administrative burdens, and create attractive opportunities for private sector involvement.
- ✓ **Advance discussions on Late Payments in Council**
Help to resume discussions in Council in view of addressing the situation on Late Payments and improve payment discipline and SME liquidity.
- ✓ **Increase and safeguard SME financing capacity under the next MFF**
Ensure sufficient funding – specifically for an SME Window – by increasing InvestEU's allocation in the next MFF to meet market demand, prevent under-financing in strategic sectors, and preserve its high leverage. Align budgetary guarantees with demonstrated needs and past performance and maintain a significant share of ECF resources for InvestEU and SMEs. In this context, the Envoys advocate for the introduction of a committee for SME funding, in which the Network shall play an advisory role.

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6. Priority areas for 2026

Considering the above challenges and with a view to supporting the growth of SMEs, the Network of SME Envoys will prioritise a limited list of key topics in 2026. The Network will carry out concrete activities on these topics (e.g. draft a report, recommendations or organise best practice exchange etc.).

1. Continue **contribution to regulatory simplification** for SMEs and identify areas where regulation is overly complex or unproportionate for SMEs which could be targeted by simplification, including via reality checks. Ensure a real reduction in administrative burdens for SMEs by continue operating the **SME filter**, improving the application of the **Think Small First principle**, the **SME and Competitiveness Test**, and advocating for **SME-friendly provisions** to be systematically embedded in all EU legislation. Advocate for a system where SME-friendly rules and digital-by-default implementation become the norm, supported by digitisation, standardisation and automation of businesses' administrative processes, so SMEs no longer have to request exceptions.
2. Investigate and support the crucial role of SMEs in strengthening **the resilience of the EU's strategic sectors**. Analyse and recognise their contribution to critical technologies and value chains, and promote policies that boost innovation, technological sovereignty and SME integration in strategic supply chains.
3. Advocate for strengthening SMEs in the European **defence and space** industrial and technological base and promoting the integration of startups and SMEs into European value chains.
4. Ensure that the **next Multiannual Financial Framework (MFF)** provides concrete funding opportunities for SMEs to help medium-sized enterprises to become more productive and scale-up. Closely follow and influence negotiations vis-à-vis national counterparts and Council.
5. Address SME-specific challenges and opportunities in **Artificial Intelligence (AI)** to boost productivity, innovation, and market competitiveness. Support SMEs in accessing, sharing, and using high-quality data so they can fully benefit from AI applications and develop **data-driven business models**.
6. **Start-ups, scale-ups and small mid-caps**: advocate for strengthening the ecosystem for **start-ups and scale-ups** through innovative EU SME-financing policies that foster entrepreneurship for all SMEs. Identify ways to advance measures for all enterprises throughout their growth cycle, without adding bureaucracy and ensuring these categories complement rather than compete with one another, each contributing uniquely to the Single Market.

Additionally, the below list includes upcoming important Commission initiatives for SMEs in 2026 which the Envoys would like to follow/influence, or recent initiatives which the Envoys would like to monitor:

- **Revision of the Public Procurement Directives**, with the aim at reducing barriers to entry and increasing SME participation in public procurement.
- Based on the Envoys' 2025 report on SME preparedness, foster **SME readiness and resilience** by promoting best practices and case studies from EU countries that highlight successful strategies in defence, supply chain diversification, and crisis management, ensuring sustained business continuity and competitiveness.
- Revision of the New Legislative Framework (NLF), Market Surveillance Regulation and the Standardisation Regulation as part of the upcoming **European Product Act**.
- The introduction of **Digital Product Passports** and its horizontal anchoring in the NLF revision, which will have a major impact on the digital exchange of production information between businesses and the regulatory environment for SMEs.
- Further development of interoperable **EU data spaces and the European Business Wallet** that work for SMEs. The Network of SME Envoys will play an active consultative and monitoring role, ensuring that SME perspectives are included early on and systematically in shaping and implementing these initiatives.
- The **28th regime proposal**: The Network will work closely with the Commission during the design and implementation phases of the 28th regime, ensuring the rules are practical, clear and lower barriers for SMEs wishing to engage in cross-border business.
- Strengthen the Network's involvement in monitoring and following up on the implementation of the **Single Market Strategy** ensuring a thorough focus on SMEs, in particular in areas related to digitalisation.
- Follow up the revision of the 1994 Recommendation on **business transfers** and monitor actions undertaken by Member States and share best practices for its efficient implementation.
- Exchange on the implementation of the **Unfair Trading Practices Directive** focusing on awareness raising and enforcement actions.
- Approaches to strengthen the Single Market and enhance its global competitiveness, including in the context of **tariffs and trade barriers**.
- The preparation of the **Circular Economy Act**, aimed at easing the implementation of recently adopted legislation on packaging, waste and products by removing regulatory gaps, addressing Single Market barriers and supporting SMEs in developing, scaling circular business models.

- Advocate for strengthening recognition of the role of SMEs in local communities, in providing local jobs, and contributing to the liveability of towns and rural areas in the follow up actions to the **EU Agenda for Cities**.
- Implementation of the SME relevant parts of the **Single Market Strategy**, including measures to increase cross-border trade by SMEs and how to overcome the **Terrible Ten** single market barriers most relevant for SMEs, in cooperation with SMET.

Annex

1. Activities of the Network of SME Envoys in 2025

In 2025 the Envoys met 4 times: in March, May, October, and in November during the SME Assembly. Apart from the regular meetings, the Network also held a workshop for transfer of businesses.

Apart from better regulation, the 'bread and butter' of SME policy, the Network discussed the preparedness and resilience of SMEs, the implementation of the 2025 Single Market Strategy as well as upcoming initiatives for start-ups and scale-ups, the 28th regime, and business transfers.

1.1. Better regulation and burden reduction

Better regulation and the reduction of existing administrative burden remains on top of the agenda of SME policy and therefore also the Network.

The work of the Network can be divided into four strands:

Firstly, for the development of new initiatives, the Envoys signal to the Commission those that merit close attention from an SME perspective. This is done via the SME filter.

Secondly, also related to new initiatives, awareness regarding SME-related aspects has to be continuously raised in the context of the Commission's better regulation agenda.

Thirdly, SME Envoys are sharing best practices in their respective countries.

In addition to these work strands, the Network contributes to the work of the Commission's Single Market Enforcement Task Force to address issues such as gold-plating¹² in the transposition process with a view to keeping the regulatory burden on SMEs to a minimum.

The Commission regularly invites observers of the Network to discuss SME policy priorities, identified through the filtering process. In 2025, five such meetings took place and about 25 priority initiatives were discussed. The Commission also seeks direct feedback from SMEs through SME panel consultations. In 2025 five SME panel consultations were launched.

The topics included (1) late payment, (2) the EU Scheme for Autonomous Tariff Suspensions and Quotas, (3) the evaluation of the Geo-blocking regulation, (4) the Circular Economy Act and (5) the Digital Simplification Package (omnibus). The SBA follow-up meetings and SME panel consultations helped the Commission to address SME specific characteristics in policymaking.

¹² [Fit for Future Platform \(F4F\) – European Commission \(europa.eu\)](#).

1.1.1. Single Market Enforcement Taskforce – SMET

As foreseen in the SME Strategy, the Network of SME Envoys is contributing to the work of the SMET. Representatives of the Network attend SMET meetings. For more details on SMET meetings please check out the dedicated webpage of the Taskforce¹³.

1.1.2. Assessment of European legislative initiatives (SME Test and SME Filter)

SMEs are particularly affected by costs created by legislation, because of their limited human and financial resources. The 2020 SME strategy tasked the Network with ensuring that new legislation is SME-friendly by filtering EU initiatives, in collaboration with SME stakeholders, to signal to the Commission those that merit close attention from an SME perspective.

Already in 2021, the Network of SME Envoys contributed to the development of the filter and held first discussions about how it should work in practice. In February 2022, the Network started to filter the legislative initiatives published on the Have Your Say portal since 1 January 2022. The SME filter is publicly available and updated every 2 weeks if new SME relevant initiatives are announced.

From the beginning of 2025 till end October, the Network has filtered x announced legislative initiatives and found [tbc] out of them to be (at least) relevant for SMEs. [tbc] of those initiatives are planned for adoption in 2025.

From the launch of the SME Filter in January 2022 till end of October 2025, the Network filtered a total of 155 announced legislative initiatives and found 70% of them to be relevant for SMEs.

1.2. New better regulation initiatives

Following the announcement by the President in her 2025-2029 political guidelines, the new SME check was introduced in May 2025. It is a mandatory annex to the impact assessment reports of initiatives classified as ‘relevant’ or ‘highly relevant’ for SMEs. The annex includes a standardised table summarising the main findings of the SME test (tool #23 of the Better Regulation Toolbox). The Network of SME Envoys contributes to the SME check through the SME filter, which helps identify, early in the regulatory process, initiatives that are relevant for SMEs and require a proportionate SME test and the SME check annex summarising the main findings of the test.

As announced in the Single Market Strategy (May 2025), the Commission developed SME-friendly provisions (insert the reference of the Staff Working Document to be published in December).

¹³ The Single Market Enforcement Taskforce ([Single Market Enforcement Taskforce \(SMET\) – The EU Single Market – European Commission](#)).

These are examples of legal clauses covering aspects of legislation which influence the business environment, are common to multiple legislative acts and are designed to facilitate the practical application of legislation by SMEs', such as guidance, simplified reporting, and lighter requirements for SMEs.

Their systematic inclusion in legislation will contribute to more effectively integrate SME specific characteristics and provide a more stable and predictable business environment for SMEs. The Envoys contribute to this process by providing examples of:

- practices embedded in national legislation which ease the implementation by SMEs (e.g. reduced reporting frequency and requirements, availability of mechanisms for SMEs to seek redress, etc.); and
- aspects of EU legislation that encourage or hinder an SME-friendly transposition and/or implementation by Member States.

The contribution of the Network has helped shape examples of good practices in SME-friendly provisions, fostering a mutual learning process that will be further strengthened by promoting the use of these provisions at the national level.

1.3. 2025 European SME Week

In 2025, 76 events were organised under the umbrella of the SME Week.

The European SME Week, the yearly highlight of the SME Week initiative, featured the SME Assembly and the Schumpeter 'Innovation in Enterprise' Lecture, which brought together over 450 delegates from all over Europe who discussed the future direction of SME policy for the coming year and the new mandate of the European Commission. The 2025 SME Assembly was organised in Copenhagen together with the Danish Presidency of the Council.

Integrated in the SME Assembly were the European Enterprise Promotion Awards that promote initiatives in support of enterprises and their founders and CEOs, together with the Small- and Mid-caps Awards organised by the Federation of European Securities Exchanges (FESE) and European Issuers, with the support of the European Commission.

This wide range of activities strengthened the link between policy making and policy implementation.

1.4. Framework conditions for business transfers in Member States

The SME Relief Package, adopted on 12 September 2023, provided for the assessment of the framework conditions for business transfers in the Member States which was developed by the Network of SME Envoys, and specifically by Mr Pieters, SME Envoy for Belgium, and Mr Scholtus, SME Envoy for Luxembourg, with the support of their teams and the Commission.

The main objective of this exercise was to review the implementation of different types of measures facilitating business transfers that were grouped in the following clusters:

- fiscal measures,

- legal and administrative measures,
- financial environment,
- other (soft) support measures,
- collection of data on business transfers,
- perceptions regarding the importance of business transfers.

In addition, the report has provided the gist of the EU policy milestones and the information about EU efforts to support the development of different solutions, tools, best practices and case studies of how different elements of the business transfer ecosystem were established and/or improved in EU countries and regions over the last decade.

The follow-up to this assessment were the provisions of the Single Market Strategy, adopted on 21 May 2025, on the need to address the remaining challenges related to the handing over a business to a new generation. In this context, the revision of the 1994 Recommendation on business transfers was announced. The Envoys discussed the topic and provided suggestions for the revision to the Commission services in autumn 2025.

1.5. Supporting a culture of prompt payment

Late payments are a barrier to growth and productivity, as they reduce the capacity and effectiveness of investments and the ability to innovate and are particularly harmful for SMEs. To combat late payments, foster and culture of prompt payments, the Commission set up in 2022 a European Payment Observatory¹⁴ to monitor and provide regular information about trends in payment performance in the EU, including payments made after the agreed or legal deadline but also grossly unfair payment practices. The Observatory is also a forum bringing together all relevant public and private stakeholders to discuss policies and initiatives to combat late payments and foster a culture of prompt payments, with the aim of assuring common rules for all actors, debtors included. SME stakeholders from several ecosystems are active participants in the Observatory.

1.6. SMEs in the defence and space ecosystems

The European defence technological and industrial base (EDTIB) is of particular importance for Europe's strategic autonomy, not least because of the Russian aggression against Ukraine, which have shown how vital the defence supply chain is.

¹⁴ [EU Payment Observatory](#). According to the Annual Report of the EU Payment Observatory, in 2023 the share of enterprises having problems because of late payments in the EU experienced its highest increase in the last five years, from 43% to 47%. For 55% of companies, fear of damaging business relationships is one of the main drivers of late payments. Late payments hinder investments for 59% of EU businesses *WILL UPDATE ONCE WE HAVE figures for 2025

To take a closer look at the role of the SMEs in the defence value chain, the Danish SME Envoy conducted a mapping exercise. Based on the outcome of this mapping, a report and recommendations will be prepared first quarter of 2026, linked to the priorities foreseen in section 6. The report will investigate the challenges and barriers that a European defence SME face, as well as some recommendations on how to overcome them. It also explores some of the current approaches that the EU and its member states currently employ to reduce these challenges.

Similarly, the role of SMEs in the space ecosystem, which is equally important for European competitiveness and resilience, needs to be highlighted in view of strengthening the European industrial and technological capabilities. Enhanced synergies between public and private investment and simplification of procurement procedures should be also taken in consideration.

Under the guidance of Mr Hauptmann, the SME Envoy for Denmark, a report on SMEs in the defence ecosystem is being drafted. This report is foreseen for finalisation towards Q1 2026.

1.7. European Digital Innovation Board

A representative of the Network of SME Envoys is *ex lege* member of the European Digital Innovation Board (EDIB), set up pursuant to the Data Governance Act¹⁵. The role of the EDIB is to facilitate the sharing of best practices, on data intermediation, data altruism and the use of public data that cannot be made available as open data, as well as on the prioritisation of cross-sectoral interoperability standards. These standards are important for SMEs who need data to be able to scale. Members of the Network and the Secretariat participate in the meetings of the EDIB and defend the interests of SMEs in the context of the implementation of the Data Governance Act.

1.8. Resilience and preparedness

In 2024, former Finnish President Sauli Niinistö presented the report "Safer Together – Strengthening Europe's Civilian and Military Preparedness and Readiness", laying the groundwork for a stronger EU approach to preparedness.

Building on the Niinistö report, Ms. Backteman and Mr. Hjelt, SME Envoys respectively of Sweden and Finland, chose to focus specifically on small and medium-sized enterprises (SMEs), examining existing and planned measures across the EU to help prepare these businesses for pandemics, extreme weather events, cyber and hybrid threats, violent disruptions, and other crises.

The resulting report was finalized in 2025 in close collaboration with representatives from EU member states and business organizations. It emphasizes the urgent need to improve SME preparedness and highlights the importance of tailoring strategies to reflect varying risk levels, sector-specific realities, and national contexts.

¹⁵ [Data Governance Act explained | Shaping Europe's digital future \(europa.eu\)](#)

The report advocates for a broad, integrated approach to preparedness – not only ensuring readiness for crises but also proactively addressing systemic challenges to mitigate future risks.

Across Europe, governments, chambers of commerce and business organizations already offer a wide range of support services to SMEs, including emergency preparedness tools, risk management guidance, cybersecurity training, and climate adaptation resources.

The report features examples of best practice as well as a set of concrete recommendations, underlining the importance of building trust between public authorities and businesses. Strengthening this relationship is seen as key to enhancing Europe’s collective capacity to withstand and recover from crises.