



Single Market and Competitiveness

Context

The EU is committed to strengthening its long-term competitiveness, improving the resilience of the Single Market and enabling businesses, and especially [SMEs](#) to be more productive, competitive and resilient.

The [Communication on long-term competitiveness of the EU](#) highlights that the quality of public administration and of the regulatory framework are crucial for the Union's competitiveness. The [2023 State of the Union address](#) underlines that a key challenge for European companies is making business easier and proposed reducing reporting obligations by 25%. In its [Conclusions](#) (October 2023), the European Council has invited the Commission and Member States to *"further improve framework conditions for investment, including through a common, clear and coherent regulatory framework and a business environment that are more conducive to competitiveness"*.

More than half of the SMEs report that administrative burden is their biggest problem, and compliance with regulatory duties is four to ten times more expensive per employee for SMEs than for large businesses.

Regional growth and cohesion are central to Europe's future progress and prosperity. However, territorial disparities have widened within Member States, also with regard to entrepreneurship, as pointed out in the [8th Report](#) on Cohesion in Europe. More specifically, according to the report, capital regions and other metropolitan regions grow much faster than other territories. Larger cities are performing better in terms of entrepreneurship while other areas could improve their entrepreneurship policies. The report identifies numerous regions, which are experiencing economic stagnation or decline for the last 15 to 20 years.

European businesses are the engines of Member States' economies, creating jobs, cohesion, innovation, and prosperity

Objectives

The objective of the flagship is to support Member States to strengthen the Single Market and EU competitiveness. The flagship will offer measures to improve the business environment and reduce unnecessary administrative burden, in particular for SMEs, start-ups and scale ups and to enable them to be more productive,

competitive and resilient. Special focus will be placed on supporting efforts at regional level, including island territories and EU outermost regions, to address the competitiveness gaps, by strengthening SMEs and entrepreneurship policies and tools, and enhancing regions' innovation and international attractiveness.



Indicative support measures

Below is an indicative, non-exhaustive list of support measures:

Reducing administrative and regulatory burden

- Develop methodologies to assess administrative burden and compliance costs of regulations;
- Elaborate simplification strategies and action plans to reduce gold plating and facilitate businesses' compliance with reporting obligations;
- Simplify and streamline investment licencing, inspections regulation;
- Develop and evaluate impact assessment processes and benchmark tools for new legislation;
- Propose measures to ease SMEs access to procurement procedures;
- Support small mid-cap companies;
- Provide capacity building to authorities on strategic procurement, administrative burden reduction, impact assessments and regulation simplification exercises.

Strengthening governance and developing tools

- Support the establishment or re-engineering of one-stop-shops;
- Support advisory bodies or simplification watchdogs;
- Strengthen digital and centralised market surveillance;
- Enhance the effectiveness of business transfer ecosystems;

- Support the implementation of the SMEs Relief Package;
- Support the design and adoption of digital solutions and tools for the simplification of business environment and improving access to information, reporting obligations, certification, or labelling;
- Promote the use of regulatory sandboxes to foster experimentation and innovation;
- Develop marketing plans and communication campaigns.

Enhancing regional and local competitiveness

- Analyse barriers and enablers to entrepreneurship and internationalisation of SMEs, start-ups, and scale-ups;
- Analyse existing barriers and enablers to innovation at regional and local level;
- Identify strengths and weaknesses of regions to attract investments, talent, and tourist flows;
- Provide practical tools to entrepreneurs and SMEs (on ESG criteria reports, on EU funds);
- Support digitalisation and greening of SMEs, start-ups, and scale-ups;
- Support the implementation of the New European Innovation Agenda;
- Support smart specialisation strategies, the entrepreneurial discovery process and regional value-chains.

