



Brussels, 21 May 2025
(OR. en)

9018/25

COMPET 378
MI 303
ENFOCUSTOM 87
ENER 147
DIGIT 94
IND 151
EMPL 195
TRANS 196
ENV 382

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	21 May 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 500 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The Single Market: our European home market in an uncertain world A Strategy for making the Single Market simple, seamless and strong

Delegations will find attached document COM(2025) 500 final.

Encl.: COM(2025) 500 final

Brussels, 21.5.2025
COM(2025) 500 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

The Single Market: our European home market in an uncertain world

A Strategy for making the Single Market simple, seamless and strong

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
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The Single Market: our European home market in an uncertain world

A Strategy for making the Single Market simple, seamless and strong

The Single Market is our European home market. It is a powerful catalyst for growth, prosperity and solidarity. With a GDP of EUR 18 trillion¹, the European Market is the second largest economy in the world, accounting for almost 18% of the global economy² and providing the EU with scale, strength and agility. Bringing together 30 states³, 450 million consumers and 26 million companies⁴, our European Market offers access to a wide range of products, services and investment opportunities. It provides balance: opportunities for businesses and citizens, as well as protection of workers and consumers. It also offers stability and a predictable investment and business environment, founded on the rule of law. Our European Market embodies the values of the social market economy that unites freedom and prosperity for all.

The Single Market creates prosperity and is the first driver of our competitiveness. It has increased EU GDP by at least 3-4%⁵ and created 3.6 million jobs⁶, with large positive gains for all Member States. Further completing the Single Market would double the already achieved gains⁷. To respond to geopolitical challenges, we must use the full potential of our European market to increase productivity above its sluggish 1% growth trend⁸. Building on the assessments by Enrico Letta, Mario Draghi and Sauli Niinistö, we must use it to regain the competitiveness⁹ needed to protect the European social model, support the clean transition¹⁰ as well as secure our strategic sovereignty¹¹ and security¹².

¹ Eurostat (2024), [Gross domestic product at market prices](#).

² IMF, World Economic Outlook, October 2024.

³ The Single Market comprises the 27 EU Member States and the three EEA EFTA States (Iceland, Liechtenstein, and Norway), making a total of 30 participating countries.

⁴ Since November 2023, Eurostat's Structural Business Statistics also includes data on additional NACE sections (K, P, Q, R and section S96). These additional NACE sectors cover companies in sectors like financial and insurance activities, education, human health and social work activities. With these additional NACE sections included, Eurostat counts around 32 million companies in the EU in 2023. [Enterprises by detailed NACE Rev. 2 activity and special aggregates](#), 2023. Source: Eurostat.

⁵ Strathof et al. (2008); Mayer et al. (2018); Mion and Ponattu (2019).

⁶ Muller et al. (2017).

⁷ Fontagné and Yotov (2025). Under the assumption that 75% of the most successful decrease in bilateral trade costs for a given industry materialised for all industries within the Single Market.

⁸ The EU labour productivity gap with the US stood at 22% in 2023, measured by purchasing power adjusted GDP per hour worked. European Commission: 2025 Annual Single Market and Competitiveness Report.

⁹ Report by Enrico Letta: 'Much more than a market'.

¹⁰ The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85

¹¹ Report by Mario Draghi: 'The future of European competitiveness – A competitiveness strategy for Europe'

¹² Report by Sauli Niinistö: 'Safer Together – Strengthening Europe's Civilian and Military Preparedness and Readiness'.

While the world is plunging into a period of economic uncertainty caused by geopolitical challenges and trade tensions, the European Market is our anchor for stability and resilience. It allows absorbing shocks and shields EU businesses from global uncertainties and market risks. Europeans are each other's first partners, exchanging European-made products and services across Member States and regions. The Single Market is critical to build continental size competitiveness in a world of giants and is vital to deliver on the actions in the Competitiveness Compass, the North Star of this Commission¹³. Removing remaining barriers and expanding the Single Market enhances market access, not least for small and medium-sized enterprises (SMEs) and innovative and scaling up companies and ensures more choice at cheaper prices. This must be further leveraged. It requires developing our European market by reducing barriers preventing the smooth circulation of goods, services, people and capital. It also requires strengthening European value chains, business cases for investment and lead markets and using our available instruments including public procurement. A strong Cohesion Policy, alongside an effective Single Market, can guarantee genuine inclusion across the whole EU ensuring that everyone can thrive in the place they call home.

It is imperative that we reinvigorate our vision of a simple, fair and seamless Single Market. At the core of this vision lies a contract with businesses and citizens: more free movement within the Single Market, and more protection and empowerment in our European Market. This requires concrete and speedy progress on major policy projects – notably in relation to capital, digital, energy and telecommunications markets – and actionable policy measures that are respected and enforced at European, national and regional level. While this has always been the aspiration, it now needs to become a more consistent reality. The current global context calls for the political will to tackle remaining barriers once and for all: the European, national and regional levels will need to hold themselves and each other to account. A new approach is warranted to deliver comprehensively this time. Not by adding an additional layer of rules. But rather by adding an additional layer of ambition and commitment by all to make them work. It is time to make the European market work, it is time to choose Europe.

A new method for our European Market

This Strategy presents a new approach to further developing our European market. It consists of the following pillars:

Fewer barriers: joint and focused efforts to take down the most harmful Single Market barriers - doubling down on efforts to tackle the 'Terrible Ten'. Too many obstacles continue to tie down the Single Market, negatively impacting trade and investment¹⁴. All of them must and will be addressed. But we need to keep focus. This is why in this Strategy we propose to address, as a first priority, the 10 most harmful Single Market barriers.

More ambition: a new approach to boosting European services markets. In seeking greater ambition and alignment, a novel approach to invigorate the European services markets is needed. There is a pressing need for an enhanced dynamic within the Single Market for services, recognising its pivotal role. The proposed sectorial approach will zoom in on specific services sectors that could bring the highest economic added value and are relevant for the twin transition. It is long overdue.

¹³ COM(2025) 30.

¹⁴ European Commission: Annual Single Market and Competitiveness Report, COM(2025) 26.

More focus: on small and medium-sized enterprises (SMEs) including innovative startups and scaleups. SMEs and small mid-caps (SMCs) are among the most affected by regulatory and administrative market fragmentation and stand to gain the most from a more integrated European market. This Strategy puts forward a series of actions enabling SMEs to make the most of their European market. It will be complemented by a dedicated start-up and scale-up strategy.

More effective digitalisation: Member States and the EU need to work in sync. Digitalisation can boost a joint administration and speed up doing business in the EU. Digital tools thus enable the optimal functioning of the Single Market and are crucial for the effective and efficient implementation of policies. This goes hand in hand with the European ambition for simplification.

More simplification: taking immediate action to reduce red tape and make things simple. The Omnibus package accompanying this Strategy responds to businesses' expectations: introducing small mid-caps to tailor regulation to their needs, moving from a document-based to a data-based Single Market and providing an emergency solution for products that need to access the market. As a general matter, we should aim for simplification leading to lower costs, higher productivity, and a better functioning of the Single market, while maintaining our ambition on the climate and sustainability, and our social responsibilities. We must have simple rules that makes it easy to grow and to do business in the Single market¹⁵. The principle of "1 in, 27 out" should be the guiding principle of our Single Market.

More effective implementation and enforcement: the well-functioning of our European Market is a joint responsibility of the EU and the Member States. It relies on the smart implementation and enforcement of agreed policies that requires strong institutions and respect for the rule of law. Effective enforcement of agreed rules remains key. It requires proactive action to prevent the creation of new barriers, joint work on the interpretation and application of rules and legal corrective action where needed, so as to provide a stable operating environment in which laws apply effectively and uniformly, giving the EU and its Member States a competitive edge. It also demands decisive enforcement action, including more systematic infringement proceedings.

More ownership: increasing political and national engagement. We need more national ownership and a serious commitment from all actors at all levels of government. Member States are encouraged to prevent the introduction of new barriers, inter alia when transposing EU rules into national law, and to address regulatory and administrative barriers at regional and national level. Assessing the compliance of draft national measures with EU law and ensuring the transparency of these measures towards other Member States and stakeholders is key.

More synergy: paradigm shift in EU spending. At present there is little direct link between EU spending (focused on investment) and Member States undertaking regulatory reforms to remove Single Market barriers or promote European business cases and value chains. The potential to use the EU budget as a springboard to promote national reforms that advance Single Market policy objectives is significant. It could promote the implementation of the EU acquis more intensely than is the case today, for instance by supporting investments to tackle

¹⁵ Simpler and Faster Europe: Communication on Implementation and Simplification, COM(2025) 47.

administrative obstacles including through support focused on EU businesses, jobs and components.

More protection: acting as a shield from unfair trade practices. The size of the Single Market, its shock-absorption capacities, and its high social, environmental, and consumer standards protect EU citizens and businesses in the face of growing international uncertainties. Ensuring a high level of consumer protection is essential for a well-functioning Single Market, and is needed to ensure consumer trust, legal certainty and a level-playing field for businesses. In this context, the European market, protected by the effective use of trade defence instruments where necessary, offers a source of stabilization and resilience that can shield EU businesses from trade disruptions and reduce external dependencies, particularly when supported by policies encouraging domestic consumption and investment.

Chapter 1. Removing barriers: Doubling down on the ‘Terrible Ten’

On the basis of comprehensive consultations of stakeholders¹⁶, the Commission has identified a set of ‘Terrible Ten’ Single Market barriers that it will address as a first priority with this Strategy. Often, these barriers are an unintended consequence of legitimate policy concerns. Tackling the barriers therefore does not put into question the Single Market’s commitment to high social and environmental standards protecting citizens and workers.

1. Overly complex EU rules

EU policies and legislation play an important role in establishing the Single Market and ensuring its attractiveness for businesses, investors and consumers alike. Very often, the Single Market is made through having a single set of rules where one EU-wide rule replaces 27 national ones. But at times, the EU acquis can become complex and overlapping, resulting in high compliance costs or other avoidable administrative burden. To address this, the Commission is stress testing the entire EU acquis, in close consultation with concerned stakeholders. As a result, we are proposing a series of simplification Omnibus packages, one of which is being adopted in parallel to this Strategy. This fourth omnibus package will lift burden for EU businesses by extending exceptions applicable to SMEs to small midcaps, by removing obligations to provide product compliance documentation in paper format, by giving businesses the choice to provide instructions of use digitally and by providing a solution for products that cannot get to the market because of lack of standards. Further Omnibus proposals will follow, including a Digital omnibus aimed at simplifying the single market legislation also in the digital sphere and an environmental omnibus to facilitate compliance in particular with Extended Producer Responsibility (EPR) obligations in ways that do not raise new market barriers. The Competitiveness Check as core part of impact assessment will also ensure that no new barriers are created with new EU legislation, complementing the removal of barriers at national level, as a functioning Single Market is key to strengthen our competitiveness.

A proliferation and multitude of regulators and agencies can add to heterogeneous requirements and complex procedures. Improving coherence and alignment across

¹⁶ [Synopsis report on the Single Market Strategy consultation activities.](#)

authorities and Member States would support a more effective and less cumbersome oversight of market actors and application of relevant rules¹⁷.

Future legislative initiatives, both new and revisions of existing EU legislation, will strive to provide simpler rules. One example are the EU public procurement rules that are designed to promote transparency and cross-border sourcing of works, products and services. However, the complexity and fragmentation of some of these rules discourage public buyers from using the full toolbox and businesses from participating in tenders cross-border, and do not allow to capitalize on the strategic investment opportunity of public contracts.

Providing straightforward, harmonised rules is particularly important in key strategic sectors, such as defence. Given the geopolitical circumstances, there is an urgent need to simplify and coordinate existing rules and procedures to address the fragmentation of the European defence market, facilitate the required investments and boost the readiness of the European defence industry over the long run. To achieve this, as laid out in the White Paper for European Defence Readiness 2030, Member States need to massively invest in defence capabilities and procure defence systems to close critical capability gaps. The EU defence market is characterised by a lack of economies of scale, national players often catering primarily to their domestic markets, long-term underinvestment, inefficiencies and reliance on non-EU suppliers¹⁸. Achieving a fully functioning EU-wide defence equipment market– where Member States trust procurements, sub-contracts, and purchases from other Member States as they do their own –would guarantee access to defence products, components, and spare parts, ensuring the security of supply in times of crisis. This will contribute to enhanced European security, defence capabilities and autonomy. In addition, joint and cross-border procurement is required to create lead markets. The revision process of the EU directive on defence and sensitive security procurement scheduled for 2026 will take into account the Competitiveness Compass recommendation to introduce a European preference which can only be established in a functioning EU-wide market for defence equipment allowing a level playing field and fair competition among EU companies.

In the construction sector, the lack of harmonised non-price criteria in EU public procurement creates uncertainty and significant administrative burden for companies wishing to participate in tenders in several countries. While some Member States introduced requirements to reduce carbon emissions for key materials such as steel and cement, other countries have limited themselves to voluntary recommendations, without or with differing specific targets. This inconsistency makes it difficult for businesses, especially SMEs offering low-carbon products, to navigate tendering procedures and take advantage of opportunities in different markets.

Actions:

- Adopt simplification omnibus packages to reduce unnecessary burden to safeguard effective implementation of policy objectives such as the Digital Omnibus aimed at streamlining and simplifying certain elements of the EU digital acquis and the Omnibus to ease compliance with Extended Producer Responsibility obligations (ongoing)
- Competitiveness Checks during the impact assessment phase to ensure Single Market consistency and further innovation (ongoing)

¹⁷ Report by Mario Draghi: ‘The future of European competitiveness – A competitiveness strategy for Europe’.

¹⁸ As outlined in the Joint White Paper for European Defence Readiness 2030, JOIN(2025) 120, the first step will be an Omnibus proposal by June 2025.

- Review of national and European agencies in the field of the Single Market with a view to effective application of the law (Q1 2026)
- Revise the Public Procurement framework to centralise and streamline its fragmented and complex provisions, and to mainstream the use of sustainability, resilience, social and, in certain technologies and strategic sectors, European preference criteria in EU public procurement while ensuring competitive tenders (2026)
- In coordination with the revision of the Public Procurement framework, revise the Directive on defence and sensitive security procurements¹⁹ to simplify and harmonise rules and procedures for defence procurements and to take into account a possible European preference (2026)

2. Lack of Single Market ownership by Member States

EU businesses and citizens constantly report national rules that disproportionately restrict fundamental freedoms guaranteed by the Treaties or create economically harmful barriers in the Single Market. National rules often do not take enough account of EU principles and legal frameworks. Member States also create barriers and fragment the Single Market by lack of transposition, incorrect, unnecessarily divergent or burdensome implementation of EU law (gold-plating).

More than ever, joint ownership and giving political priority to the Single Market and enforcement of its rules is key. The Commission thus calls on Member States to name a high-level Single Market Sherpa in their prime minister's or president's office with authority towards all parts of the government. The Sherpa should promote application of Single Market rules and have an active role in preventing and addressing national regulatory and administrative Single Market barriers. The Sherpas should also cooperate with each other on accelerating the removal of barriers across the Single Market. To facilitate the cooperation, the Commission's Executive Vice-President in charge of the Single Market or their representative will call on the high-level Single Market Sherpas to meet on a regular basis.

Political reinforcement is also needed to further empower the Single Market Enforcement Taskforce (SMET)²⁰. An annual high-level political meeting bringing together Member States' ministers responsible for the Single Market, high-level Single Market Sherpas and the Commission's Executive Vice-President in charge of the Single Market will provide strategic steer for SMET's work and political support for the implementation of jointly identified solutions to address barriers²¹.

Nobody can prevent the creation of new barriers in the Single Market more effectively than Member States. Ensuring compliance of national regulation with Single Market rules

¹⁹ Directive 2009/81/EC.

²⁰ SMET brings together the Member States' services and the Commission and focuses on elimination of concrete barriers hampering Single Market freedoms of citizens, EU businesses and self-employed, who aim to benefit from the Single Market. For more information on SMET, see Chapter 5. Enforcing respect of Single Market rules and the [SMET dedicated website](#).

²¹ For instance, so far SMET members have not been able to convince their colleagues from the responsible institutions to introduce a sufficient number of good practices aiming to make it easier for all businesses to open a bank account in their Member State. Currently, out of 5 best practices per Member State, overall 40% has been implemented, 22% is being considered and 24% will not be considered (no information on 13%). A high-level political meeting should increase the uptake of the proposed solutions.

already at inception stage and creating the conditions for citizens and businesses to fully reap the benefits of the Single Market is the responsibility of the Member States. The Single Market is more important than ever, and so are the thorough assessments of proportionality of all draft national rules and better use of notification mechanisms at EU level²². Yet, between 2022 and 2024, about 15% of notifications of national rules or their drafts raised the Commission's concerns as potentially creating barriers or fragmenting the Single Market and led to dialogues between the Commission and the Member States concerned²³. Member States are invited to work with the Commission to ensure that the existing mechanisms are used to their full potential and that robust proportionality assessment of draft national measures is performed to allow the Commission, other Member States, and stakeholders, to engage in an effective exchange upstream in order to avoid that a disproportionate new barrier materialises. In addition, the Commission will assess whether the areas so far not covered by the notification obligation have been subject to more fragmentation of the Single Market and whether the absence of notification obligations significantly impedes the smooth functioning of the Single Market. At the end of 2026, the Commission will take stock of the situation, and on that basis, it will decide whether to propose legislative measures to close gaps and reinforce prevention governance.

The Commission will also introduce a Single Market dimension to the Rule of Law Report and is working with Member States and stakeholders to address rule of law issues affecting companies, especially SMEs, operating across borders.

A Member State imposes a certification scheme on entrepreneurs wishing to install renewable energy equipment or improve the energy efficiency of buildings in order for the recipients of those services to receive public financial support. Over the past years the various public aid measures for the renovation of buildings and installation of renewable energy equipment have been put in place often requiring an intervention of an entrepreneur with this specific certificate. It thus became a condition to access a substantial part of the building renovation market in that Member State. The certification scheme contains several conditions which go beyond those harmonised in the Renewable Energy Directive and create extensive access problems for companies not established in that Member State.

Actions:

- Call a first meeting of the high-level Single Market Sherpas (Q4 2025)
- Organise a first SMET annual high-level political meeting (Q4 2025)
- Propose a Single Market Barriers Prevention Act (Q3 2027, if necessary, based on the assessment of the functioning of existing preventive tools)

3. Complicated business establishment and operations

The setting up and operation of companies across the EU remains complex and costly due to the fragmentation of legal rules across Member States. Businesses, in particular start-ups, point to the fragmentation of rules across the EU and stress that procedures for setting up and investing into companies are not sufficiently digital, easy and quick, blocking companies from successfully scaling-up in the EU. A promising avenue, strongly encouraged in both the

²² See more on preventive tools in Chapter 5. Enforcing respect of Single Market rules.

²³ Based on the Commission's statistics concerning notifications under Single Market Transparency Directive (Directive (EU) 2015/1535) and Services Directive (Directive 2006/123/EC).

Letta report and the Draghi report, would be to set up a 28th regime²⁴ geared for businesses to operate across the Single Market: this would allow for ambition and innovation. The European-level 28th regime will provide a single set of rules, potentially in a progressive and modular way. It would include an EU corporate legal framework, based on digital by default solutions, and will help companies overcome barriers when setting up and operating across the Single Market. To do so, it will simplify applicable rules and reduce the cost of failure by addressing specific aspects within relevant areas of law, including insolvency, labour and tax law. It will explore the possibility of enabling companies to establish in Europe more rapidly, ideally within 48 hours, aligning with Enrico Letta's vision for a 'European Code of Business Law'.

The transfer of businesses to a new generation of entrepreneurs creates opportunities and preserves jobs. Business transfers – handing over a business to a new owner, often with new management – can be complex and must comply with the specific regulations of each Member State. The volume of business transfers in Europe is increasing, but the framework for business transfers does not sufficiently address existing challenges²⁵.

A company with a growing business decides to establish a permanent presence in three other Member States to attract local clients. To do that, the company must first assess and understand the national company law in each Member State, adopt a different national legal form for each company and adapt the organisational structure of each company to meet the national requirements. If the language barrier and the differences in the legal system of the Member State are significant, the company may need to engage an external consultant or a lawyer, leading to significant delays, costs and administrative burden, particularly for an SME.

Actions:

- Establish common rules to facilitate the digital setup of businesses and their operations across the Single Market (Legislative proposal on '28th regime' - Q1 2026)
- Revise the Commission Recommendation on business transfers²⁶ (Q4 2025)

4. Recognition of professional qualifications

The Single Market provides a unique framework for the circulation of people with their skills and qualifications. The faster professional qualifications are recognised, the easier it is for citizens to work in other Member States and for services providers to operate cross-border. EU law provides for the mutual recognition by Member States of professional qualifications obtained in another EU country that are required to permanently exercise regulated services. To remain competitive globally, the EU needs to strengthen its capacity to attract and retain talent that can help fill the skills shortages in the labour market. However, third-country nationals continue to face important barriers to work in the professions in which they are qualified.

Lengthy and complex recognition procedures prevent EU citizens from exercising their profession in other Member States. This can push them into lower qualified roles and

²⁴ A Competitiveness Compass for the EU, COM(2025) 30.

²⁵ Assessment of framework conditions for business transfers in Member States, The network of SME Envoys, <https://ec.europa.eu/docsroom/documents/60694>

²⁶ 94/1069/EC: Commission Recommendation of 7 December 1994 on the transfer of small and medium-sized enterprises.

exacerbate the labour market effect of the current demographic trends. Digital processes have the potential to speed up recognition procedures that are too often still paper-based. According to a recent report by the European Court of Auditors, only two Member States provided for fully electronic recognition procedures or use of email without requesting additional physical documents²⁷.

Automatic recognition procedures allow for faster and more efficient recognition of professional qualifications, but are limited in scope to only a few professions, notably in health services. Extending the scope of automatic recognition procedures through instruments, such as the existing Common Training Frameworks, can make the recognition of professional qualifications faster and more effective. The Union of Skills²⁸ announced a Skills Portability Initiative to address barriers to worker mobility.

A specialised engineering company failed to hire a highly qualified technician from another Member State across the border due to the lengthy recognition procedures and request for certified translations of a series of documents confirming qualifications obtained in the technician's home country.

Actions:

- Explore EU legislation to address barriers to the mobility of workers.
- Make the procedures for the recognition of professional qualifications faster and more efficient through the greater use of digital tools (Q4 2026)
- Facilitate the recognition of professional qualifications by extending automatic recognition schemes, for instance via Common Training Frameworks (Q4 2026)
- Explore EU legislation to establish common rules for the recognition and validation of qualifications and skills of third country nationals (Q4 2026)

5. Long delays in standard-setting that weigh on innovation and competitiveness

Standards²⁹ are the embodiment of innovation and are at the core of a resilient, green and digital Single Market. They provide legal certainty, facilitate access to new technologies and boost the global competitiveness of EU businesses. However, our standardisation framework struggles to meet market and policy needs, in particular on timeliness, inclusiveness and access to standards. Businesses are faced with the absence or late availability of harmonised standards, generating costs and uncertainty, hampering their competitiveness and slowing down the uptake of new technologies in the Single Market. The Commission will seek to make the EU framework for harmonised standards futureproof by reviewing the Standardisation Regulation. This will enhance the speed and flexibility of the standardisation process, ensure a stakeholder-driven process with balanced stakeholder participation, in particular for startups, SMEs, civil society and academia, improve access to standards and reinforce the EU's role as the global standard-setter. It will also contribute to the effective functioning of the EU product legislation framework, which is at the heart of the Single Market. Connecting standardisation closely with the Union's research and innovation efforts, including the basic units of measurement set by the metrology initiative, serves the free circulation of services and products.

²⁷ European Court of Auditors: 'The Recognition of Professional Qualifications'; Special Report 10/2024.

²⁸ COM(2025) 90.

²⁹ i.e. harmonised standards and other European standards supporting EU law.

In the meantime, the Omnibus package adopted together with this Strategy will allow the Commission, in cases where the current standardisation system does not deliver, to lay down common specifications which businesses can use to prove compliance with legal requirements.

A business develops state-of-the-art unmanned aircraft systems which since 2023 have to comply with legal requirements on their design, production, maintenance and operation. The Commission has requested the European standardisation organisations to develop harmonised standards to help businesses implement these requirements. However, only one has been developed so far while seven are still pending. In the absence of these standards, the business has had to conduct a more costly conformity assessment, generating legal uncertainty and administrative burden. These costs could have been otherwise invested in innovation.

Actions:

- Allow the Commission to establish common specifications when needed (Omnibus proposal adopted together with the Strategy)
- Review the Standardisation Regulation (Legislative proposal - Q2 2026)

6. Fragmented rules on packaging, labelling and waste

Product labels provide important information for consumers on safety, sustainability and nutrition. Yet, divergent national requirements linked to labelling make it difficult to trade across the Single Market. The different requirements are forcing producers to develop different versions of the product for different markets or to relabel or even repackage products when moving them across borders. The proliferation of labelling requirements also increases the complexity of information provided to consumers.

Rules on labelling must balance the need to be clearly understood by consumers with the need to reduce market barriers and burden for industry. Several initiatives will pursue this balance. The new Packaging and Packaging Waste Regulation provides for the creation of harmonised packaging labelling for consumer sorting which will be specified through implementing acts. The Commission will review the Textile Labelling Regulation with a view to clarify applicable rules, remove fragmentation and enable a green premium through fully harmonised and comprehensive labelling content in a physical and digital label. In the longer term, digital labelling relying on a data carrier such as a QR code is the solution for simplifying access to labels for consumers and for easing compliance for economic operators, although essential information such as safety instructions should still be printed on the product. Digital labels will form part of the Digital Product Passport (DPP)³⁰ as the digital container for product-related information, as already envisaged for example under the new Construction Products Regulation.

We need to create a Single Market for waste. The primary purpose of Extended Producer Responsibility (EPR) schemes is to require producers to cover the end-of-life management costs of their products and hence to contribute to recycling and circularity. However, certain features of EPR schemes have become one of the barriers most frequently reported by companies operating cross-border in the EU. While EPR schemes are often derived from EU

³⁰ The DPP was first introduced by the Ecodesign for Sustainable Products Regulation (ESPR). It will serve as a digital information carrier and will be accessed using a QR code placed on a product, eliminating the need for voluminous paper documentation. Its technical implementation is ongoing and it is expected to become operational for first product categories in 2026. See more information in the chapter on digitalisation.

legislation, lack of uniformity of principles and requirements has led to a large diversity of EPR schemes set up in Member States, regulatory complexity and high administrative burden for companies. Particularly for SMEs, national registration and reporting requirements, including the obligation to appoint authorised representatives separately for every Member State where the producer places products on the market, are a real hurdle to going European. In addition, a limited development of EU-wide end-of-waste criteria and by-product status, which set the conditions under which substances or objects cease to be waste and can be considered as products, has led to the fragmentation of the Single Market for waste, secondary materials and by-products. National or regional end-of-waste criteria have been adopted by Member States in an uncoordinated manner and are not easily recognised between Member States. The cross-border shipment of waste feedstocks to recycling facilities and of secondary raw materials within the EU needs to be further eased and accelerated by addressing this fragmentation. A lack of harmonised EU definition of by-products also impedes the circularity of production processes.

To sell lighting equipment across the EU, a company needs to comply with extended producer responsibility obligations in three categories simultaneously: packaging, electronic and electrical equipment, and batteries. To sell in three large Member States, the company needs to obtain 16 different registrations for EPR schemes, interacting with 10 different authorities, following lengthy separate processes with distinct requirements and paying separate administration and registration fees. Once registered, different reporting obligations and frequencies apply in the case of each scheme.

Actions:

- Harmonise labelling rules via sectoral legislation and facilitate rollout of digital labelling solutions via the Digital Product Passport (DPP) (progressive introduction of DPP, including possible inclusion via the New Legislative Framework review in Q2 2026)
- Remove unjustified authorised representative requirements from EPR schemes and reduce reporting obligations, including by limiting them to an annual frequency (Omnibus proposal Q4 2025)
- Address the fragmentation created by heterogeneous national EPR schemes through further harmonisation, simplification and digitalisation, including through a digital one-stop shop for information, registration and reporting (as part of the legislative proposal for a Circular Economy Act³¹ - Q4 2026)
- Reform end-of-waste and by-product criteria and provide a more harmonised, leaner framework in the Single Market for reaching end-of-waste and by-product status. Ease the adoption of EU-wide end-of-waste criteria and enable the adoption of such criteria for priority waste feedstocks. Facilitate cross-border shipments of waste feedstocks for recycling (as part of the legislative proposal for a Circular Economy Act - Q4 2026).

7. Outdated harmonised product rules and lack of product compliance

The EU product legislation framework is a major asset of the Single Market where

³¹ The preparation of the Circular Economy Act will be supported by the discussions in the Clean Industrial Dialogue on Circularity with a dedicated focus on the Single Market.

harmonised rules allow placing a wide range of products on the market while protecting the consumer. It is based on (i) principles-based harmonised product legislation (the so-called New Legislative Framework; NLF)³², combined with (ii) a system of standards that facilitates demonstration of conformity and supports innovation, and (iii) a market surveillance system ensuring compliance and consumer protection. These policy pillars frame a level playing field with robust competition which prepares the ground for long-term European competitiveness. It also sets the structure for policy initiatives such as digitalisation and green transitioning. While this framework has proven successful, it needs improvement³³. First, guaranteeing a coordinated and effective EU-wide response to products bearing a risk necessitates streamlined safeguard procedures, ensuring a rapid enforcement action across the Union once risks are identified in any Member State. There is a need to introduce clear and precise requirements and timely procedures for notified conformity assessment bodies to better address inadequate practices. Second, the NLF currently does not outline the responsibilities of economic operators involved in product circularity. Such a clarification would facilitate compliance and extend product lifecycle. Finally, the EU product legislation needs to fully embrace digital solutions. The current reliance on traditional paper-based documentation is outdated. In the future, the Digital Product Passport (DPP) will allow access to all essential documents required under the EU product legislation.

While the product framework facilitates the seamless circulation of products within the Single Market, it needs to be protected from abuse. The sheer volume of products entering the European Market from the outside world makes it impossible to ensure full compliance via customs and market surveillance checks. Customs authorities, the first line of defence at the border, are overwhelmed – particularly by e-commerce imports, which represent 97% of all customs declarations³⁴. The market surveillance system³⁵, the second line of defence, also falling under the competence of the Member States, is similarly under immense pressure³⁶. The exploding volume of products entering from third countries that are unsafe, counterfeit or non-compliant can lead to serious safety and health risks for consumers, has a negative impact on the environment and puts legitimate businesses at a disadvantage. Consumers themselves cite untrustworthy online sellers as one of the most impactful challenges they face online. In some sectors, studies show that up to 100%³⁷ of products on certain e-commerce platforms are non-

³² The NLF is based on two key legal acts from 2008: Decision No 768/2008/EC, which outlines a model for EU product legislation, and Regulation (EC) No 765/2008, complemented and partially replaced by the Market Surveillance Regulation in 2019. Regulation (EC) No 765/2008 establishes a rulebook for accreditation and CE mark. The 29 pieces of legislation that are aligned with this model regulate diverse product categories, such as toys, explosives, medical devices, measuring instruments, fertilisers, marine equipment, drones, and batteries. The NLF underpins approximately 80% of industrial production and 74% of intra-EU manufacturing.

³³ Evaluation of NLF, SWD(2022) 364.

³⁴ Commission Communication on A comprehensive EU toolbox for safe and sustainable e-commerce, COM(2025) 37.

³⁵ The system is governed by the Market Surveillance Regulation (EU) 2019/1020. Market surveillance authorities, in cooperation with customs authorities, are responsible for checking products and enforcing compliance in every EU Member State. Authorities collaborate through SafetyGate (for dangerous non-food products) and ICSMS (for market surveillance of non-food products) to detect and remove unsafe products.

³⁶ According to EU surveillance data, 4.6 billion of low value consignments (up to EUR 150) were imported into the EU in 2024. This is almost twice the number recorded in 2023 (2.4 billion), and more than triple compared to 2022 (1.4 billion).

³⁷ [BEUC. Under the Microscope: Tests of Temu Products by Consumer Groups, 2025.](#)

compliant. The current market surveillance system lacks the resources and expertise and is too structurally fragmented to effectively tackle these challenges.

The ability to pool resources, exchange intelligence, and prioritise is key to targeting the most harmful products. The pending Customs reform seeks to address these challenges in the first line through a new Customs Authority, an EU Customs Data Hub and adjusted rules for imported e-commerce parcels to ensure a level-playing field, notably by removing the EUR 150 duty exemption for imports. Discussions on a possible customs handling fee are also ongoing to address the scaling costs of supervising the compliance of small consignments with EU rules. In the same vein, there is a need for EU-level governance of market surveillance, to provide systematic coordination and guidance, scale up and pool the capacity and expertise of all market surveillance authorities across the EU. In particular, we should consider EU-level market surveillance in strategic priority areas, notably concerning e-commerce imports from third countries, where measures taken by individual Member States may not be sufficient.

Among the products listed on a well-known large e-commerce platform during a check by a consumer organisation, nearly all the products tested in categories such as helmets, cosmetics, toys and gadgets, candles and sponges, electrical and connected products either were dangerous, did not provide the required information such as safety instructions or lists of ingredients, and/or contained wrong claims.

Actions:

- Take effective action to increase product compliance by tapping into synergies with capacities of the EU and national customs and market surveillance authorities and potentially establishing an EU Market Surveillance Authority (as of Q3 2025)
- Modernise product legislation framework to harness digitalisation, promote circularity and strengthen safeguards (Review of the New Legislative Framework – possible legislative proposal Q2 2026)

8. Restrictive and diverging national services regulation

High regulatory and administrative restrictions cement long-standing market structures and stifle innovation, scale-up and business opportunities. The Services Directive has contributed to a reduction of barriers³⁸, yet Member States' regulations continue to restrict access to around 5700 services activities covering approximately 22% of the EU workforce³⁹. Regulating access to a service activity can be justified to meet legitimate general interest objectives such as public health and safety. However, the high number and the type of services regulated, as well as the fact that some services are regulated only in one or a few Member States, confirms a clear potential for Member States to reduce regulatory burden to facilitate cross-border trade and investment. A 10% reduction of barriers to services trade would increase EU gross value added by 0.5%⁴⁰ and greenfield FDI projects by 4 to 21%⁴¹.

³⁸ European Commission (2021), [Mapping and assessment of legal and administrative barriers in the services sector](#).

³⁹ European Commission: [Regulated Professions Database](#).

⁴⁰ IFO Institute: Building a Stronger Single Market: Potential for Deeper Integration of the Services Sector within the EU; Econpol Policy Report 52/2024.

⁴¹ Jungmittag, A., & Marschinski, R. (2023). Service trade restrictiveness and foreign direct investment—Evidence from greenfield FDI in business services. *The World Economy*, 46(6), 1711-1758.

Differences in national authorisation and certification requirements make it difficult to provide services in other Member States. National conditions for authorisations and certification requirements, even when they are based on Union law, vary widely, making the mutual recognition of authorisations or certifications difficult in practice. Aligning the underlying conditions for those requirements that are based on Union law would reduce regulatory fragmentation and make it easier for a service provider authorised in one Member State to offer their services in other Member States without the need to obtain again an authorisation or certification in those Member States.

Obligations for companies and entrepreneurs to establish in a Member State other than their own are bureaucratic and costly. Member States should not oblige EU service providers to establish on their territory as they may provide services cross-border on a temporary basis. Yet Member States restrict this possibility at times, in practice treating services providers as if they were established on their territory. Businesses need legal certainty on their right to provide temporary cross-border services without having to establish in other Member States.

A Member State refuses temporary service provision by a veterinary surgeon established in a neighbouring country which means that this veterinary surgeon cannot treat animals in farms close to his establishment just because these farms are located on the other side of the border.

Actions:

- Launch an initiative to facilitate the provision of pan-EU services by providers authorised or certified in one Member State on the basis of EU law, potentially including the harmonisation of such authorisation and certification schemes (Q2 2026)
- Develop legal guidance and recommendations to Member States to provide clarity on the right to provide services cross-border on a temporary basis (Q2 2026)

9. Burdensome procedures for temporary posting of workers

Providing services cross-border often entails the mobility of entrepreneurs and their staff. The temporary posting of workers is an integral part of the freedom to provide services in the Single Market. In 2023, cross-border workers and postings increased to 1.8 million and 5.5 million, respectively. EU legislation is designed to protect the rights of posted workers while facilitating the freedom to provide services and promoting fair competition. There is a clear need to protect posted workers in risk sectors, such as in construction services or the agriculture sector. To support the protection of posted workers, EU law allows Member States to impose administrative obligations such as obligations to declare posted workers, where justified and proportionate. However, not all posted workers (e.g. skilled specialists such as engineers and technicians installing and maintaining machines or management staff) face the same risks.

The diversity of national declaration requirements, both in nature (paper or digital) and content (nature and number of data points) has contributed to complexity for business and posted workers alike and fragmented the Single Market. Stakeholders regularly raise the complexity of posting rules as a barrier to provide cross-border services⁴². The administrative cost incurred by the complexity of posting provisions for postings (excluding road transport sector) is estimated at EUR 477-635 million per year⁴³. In order to reduce

⁴² [Synopsis report on the Single Market Strategy consultation activities.](#)

⁴³ SWD(2024) 258.

administrative burden on service providers, the Commission adopted a proposal for a Regulation in November 2024 on a public interface connected to the Internal Market Information System for the declaration of posting of workers. The public interface would also facilitate effective monitoring of compliance with EU legislation aimed at ensuring posted workers' rights and support administrative cooperation between Member States. The European Parliament and EU Council are encouraged to conclude negotiations on the Commission proposal that would represent a step towards less and more harmonised administrative requirements for posting. This simplification initiative is accompanied by efforts to strengthen enforcement of legislation.

The European Labour Authority supports Member States and social partners in applying posting rules by coordinating and supporting concerted and joint inspections, providing information and employment support for workers and businesses, assist in tackling undeclared work, mediating cross-border disputes and facilitate solutions. The ongoing ELA evaluation points to room for improvement as regards the performance of the agency but notes certain limitations in the mandate that could affect ELA's potential. Targeted modifications could strengthen ELA, including its efficiency and effectiveness, such as enhanced data handling competencies and improved cooperation with Member States and social partners, including the information provision, ELA's role vis-à-vis third- country nationals who are EU residents.

In addition, the Single Market Enforcement Taskforce (SMET) identified smart posting policies through which some Member States focus declarations and other administrative requirements on risk sectors and exempt very short-duration postings from these requirements⁴⁴.

Workers temporarily posted to another Member State are subject to social security coverage in their country of employment. Posted workers need to show proof of contribution to the social security system of their home country (portable document A1). The procedures to prove and verify social security entitlements can be time consuming and administratively burdensome, due to their reliance on physical presence and physical documents. The revision of social security coordination Regulations currently under negotiation by co-legislators should lead to a simplification of procedures and co-legislators are encouraged to conclude the long-running negotiations. Exchanges between social security institutions have already been facilitated due to the electronic exchange of social security information (EESSI) system. Building on the recent digitalisation of the application procedure for portable document A1 as part of the Single Digital Gateway, the European Social Security Pass (ESSPASS) could bring a further simplification by offering the digital verification of social security attestations, including the portable document A1, also reducing the risk of error and fraud.

A medium-sized engineering company, active in automation technology, installs, maintains and repairs its machinery across the EU, requiring it to make 3,500 declarations for postings a year. Its posted workers are highly skilled and well-paid engineers and technicians that are only posted for a few days at a time. The burdensome procedures, especially in light of the large variety of national declaration requirements and procedures, hinders cross-border service provisions and cause significant administrative burden.

⁴⁴ For more details see [SMET report 2023-2024](#).

Actions:

- Continue supporting the co-legislators to conclude negotiations on:
 - the revision of Regulations (EC) Nos 883/2004 and 987/2009 on social security coordination;
 - the proposal for a public interface for the declaration of posting of workers (COM 2024/531).
- Launch a Fair Labour Mobility Package (2026), including – inter alia:
 - Following up to the ongoing pilot activities, proposal of a European Social Security Pass (ESSPASS)
 - Proposal for strengthening of the European Labour Authority (ELA) including reviewing its mandate
 - Consider measures to make it easier to temporarily provide services cross-border, while protecting workers' rights

10. Territorial supply constraints

Territorial Supply Constraints (TSCs) in retail and wholesale fragment the Single Market, limit consumer choice and contribute to significant price differences across the EU, notably for daily consumer goods. Territorial supply constraints are limitations imposed by certain large manufacturers that make it very difficult or impossible for retailers to buy products in one Member State and resell them in another. This harms cross-border business and breaks the promise of the Single Market to bring choice and price competition to the consumer⁴⁵. While competition law is an effective tool to penalise such practices when they are the result of agreements or of unilateral practices by dominant operators⁴⁶, many fall outside its scope, notably when they result from unilateral practices of large manufacturers that are not in a dominant position within the meaning of competition law. The Commission will weigh up the necessary measures to address such supply constraints on the part of significant market players when they lead to unjustified price differences that cannot be explained by objective factors such as regulatory or cost differences between Member States. Other actions such as in the area of labelling included in this Strategy will also help addressing TSCs as fragmented national rules may facilitate these practices.

A large manufacturer of branded foods sells the same product in several countries, however in some countries the product is a lot cheaper than in others and this difference cannot be explained by taxation or labour costs. A supermarket chain which is also active in those countries wants to buy the product in the country where it is cheaper and sell it at a lower price also in other countries. The manufacturer then stops supplying the product to the supermarket in the country with a lower price to prevent it from selling the product cheaply in other countries, in order to maintain the artificial price difference between the countries.

⁴⁵ With a degree of uncertainty, an independent study carried out for the European Commission in 2020 estimated that if TSCs were removed, consumers could save up to EUR 14.1 billion per year on their purchases of certain products. The pass-on of these possible gains to consumers will depend, among other factors, on the level of competition in retail markets.

⁴⁶ On 23 May 2024 the Commission fined Mondelez EUR 337.5 million for hindering the cross-border trade of chocolate, biscuits and coffee products. Previously, in 2019, the Commission had fined AB InBev EUR 200 million for restricting cross-border sales of beer.

Action:

- Develop tools to act against unjustified Territorial Supply Constraints to cover situations beyond those captured by competition law, such as unilateral practices of large manufacturers (Proposal - Q4 2026)

Chapter 2. Boosting European Services Markets

The EU economy is a services economy, but the Single Market for services remains profoundly underdeveloped. Services account for around 75% of EU GDP and most EU jobs are created in services⁴⁷. 40% of the value added of EU products is made up of services content. However, at 7.6% of EU GDP, intra-EU services trade is no higher than services trade with third countries, confirming that the Single Market for services operates far below potential⁴⁸. Despite progress, around 60% of services barriers are of the same type as 20 years ago⁴⁹. A new approach is therefore needed.

The broad diversity of services across the economy implies limits to the effectiveness of a one size fits all horizontal policy approach, while the business case for integrated services markets is particularly strong in some services sectors. Business services account for 7% of EU GDP and bear clear similarities across Member States but remain regulated very differently between them. Retail services account for 12% of EU GDP while markets remain national and characterised by low productivity. Construction makes up for 11% of EU GDP, but only 1% of construction services are traded cross-border as construction markets continue to operate along national lines. Efficient postal services are at the heart of the Single Market, enabling cross-border economic activity. Other services are however often local in nature and less likely to trade cross-border.

A new sectoral policy approach can give a new dynamic to the Single Market for services. The existing horizontal policy approach will be complemented with sector-specific services' initiatives that will focus on services sectors which are the most relevant for the twin transitions and could bring the highest economic added value and replace diverging national rules creating legal fragmentation.

Ensuring seamless and efficient cross-border provision of industry-related services such as installation, maintenance and repair services is crucial for Europe's manufacturing sector. As manufacturing industries increasingly shift toward servitisation – integrating product and service solutions – stakeholders have raised concerns that regulatory barriers, such as burdensome posting of workers requirements, prior checks, ex ante services declarations and varying work safety standards hinder the smooth cross-border delivery of services like installation, maintenance and repair with negative impacts on industrial competitiveness.

Business services are among the highest regulated services in some but not all Member States. Among the 5700 regulated professions feature many business services, such as legal,

⁴⁷ [National accounts and GDP - Statistics Explained](#). Source: Eurostat.

⁴⁸ European Commission: Annual Single Market and Competitiveness Report 2025; COM (2025)26.

⁴⁹ European Commission Single Market Economic Paper: 30 years of Single Market – Taking stock and looking ahead, December 2022.

accounting and tax advisory services that have economy-wide impacts. A 10% reduction of services barriers would increase EU gross value added in business services by 0.8%⁵⁰.

Restrictive and diverse regulation of construction services holds back the supply of affordable and energy-efficient housing and infrastructure development. Stakeholders have raised concerns over limitations to professional mobility due to the high number of regulated professions in the sector and complex mutual recognition of professional qualifications; weak mutual recognition of national certificates; and proof of competence in areas such as health and safety, energy efficiency and environment. Limited availabilities of liability insurance in cross-border situations further complicate cross-border services provision and is an issue that requires market-based solutions. A 10% reduction of barriers in construction services would increase EU gross value added by 0.5%⁵¹. Moreover, spatial planning, building and renovation projects are often subject to complex, slow and fragmented authorisation procedures which vary greatly across the EU. This holds back the potential of a functioning Single Market that could deliver affordable housing quickly and at scale.

Retail competitiveness is held back by numerous restrictions of the establishment of shops and their operations. Many of these restrictions may be justified by legitimate public policy objectives such as town and country planning and maintaining the vitality of city-centres. However, they need to be proportionate as some may create market entry barriers and negatively affect competition, productivity and innovation. A 10% reduction of barriers in retail services would increase EU gross value added by 0.6%⁵².

Demand for postal services in the EU has been declining for years, while the market for parcel deliveries continues to grow on the back of strong e-commerce. The decline in postal volumes has led to a strong increase in letter delivery costs and to questions about delivery frequencies. As the digitalisation of society and growth of e-commerce are projected to continue, mail and parcel delivery services require attention to ensure a level playing field between market participants, increase price transparency and support consumer rights. A reform of the EU postal regulatory framework will focus on delivery as a service and will ensure citizens and businesses can receive deliveries throughout the EU at affordable prices, while promoting fair competition on delivery markets and increasing consumer protection.

More than thirty years after its inception, the Single Market is still not complete with respect to telecommunications, energy-related, transport and financial services, we need bold and urgent action to accomplish this. Sector-specific services policies have already been developed, a process that is, however, continuing.

The recent Commission strategy for a Savings and Investments Union aims at improving the way the EU financial system channels savings to productive investments, offering better financial opportunities for EU savers and better access to capital for EU businesses⁵³. In this context, the Commission created a new channel to gather information on

⁵⁰ IFO Institute: Building a Stronger Single Market: Potential for Deeper Integration of the Services Sector within the EU; Econpol Policy Report 52/2024.

⁵¹ Ibid.

⁵² Ibid.

⁵³ COM(2025) 124.

new or existing obstacles to financial market integration and free movement of capital⁵⁴, and has launched a stakeholder consultation to gather feedback on barriers to financial market integration⁵⁵. However, also divergences in national laws, including securities, company, tax and insolvency laws, as well as in the effectiveness of administrative and judicial procedures, create administrative burden and barriers to cross-border investment. Achieving an efficient Single Market in financial services would also entail Member States efforts in addressing these barriers.

Energy-related services support efficient production, distribution and use of energy in the EU and the clean transition. They support and depend on a modern infrastructure of grids, storage and digital inverters and meters that are necessary for a genuine Energy Union. As announced in the Action Plan for Affordable Energy⁵⁶, the forthcoming European Grid Package will support the expansion and modernisation of the grids and interconnectors, which in turn requires and enables the expansion of the energy-related services market. Achieving our interconnection targets is essential for uniting energy markets and delivering a resilient and competitive Energy Union. Energy-efficiency services are key to meet climate objectives and reduce costs for consumers and businesses, and companies providing such services will be supported by the Commission to scale up their activities, including through EU guarantee schemes with the EIB. The upcoming Citizens Energy Package will moreover support the growth of energy-related services, such as improving energy efficiency of buildings. Moreover, a White Paper will explore how to deepen electricity market integration and how to make the governance framework more robust and fit for decisions of cross-border relevance, which will also further support the market for energy-related services.

The EU **telecommunications sector** is still fragmented alongside national borders and EU operators and consumers cannot reap the full potential of the Single Market. Today, there are more than 100 operators on the market across Europe. Moreover, a joint path to 6G needs additional spectrum, more harmonised planning and frameworks. Fast technological and market developments open up new cross-border service-provision possibilities and may require a more harmonised framework, for example as regards satellite services, to reap the full benefits. To address those challenges and ensure that Europe has future proof digital networks and secure and resilient infrastructures, the applicable regulatory framework needs to be updated. The transition towards cloud-based infrastructure and Artificial Intelligence requires improved access to secure, fast, and reliable connectivity.

As outlined in the **AI Continent Action Plan**, the Cloud and AI Development Act will explore establishing a common marketplace for cloud capacity and services with a view to ensuring the emergence of a true European single market for cloud services and boosting the entry into the market of a more diverse set of cloud service providers.

The completion of a genuine **single EU transport market** requires eliminating unnecessary residual technical barriers impacting the various transport modes. For example, implementing the EU's high speed rail plan will require progress in consolidating the EU's railway traffic management system to increase capacity and ensure seamless interoperability. Enhancing and

⁵⁴ For more details see the [Channel](#) announced in the Communication on the Savings and Investments Union, COM(2025) 124.

⁵⁵ [Targeted consultation on integration of EU capital markets 2025 - European Commission](#)

⁵⁶ COM(2025) 79.

widely deploying interoperable digital tools should reduce the administrative burden associated with ensuring regulatory compliance. Improved information and data sharing in transport would allow to get rid of paper-based documents. Digital tools can also simplify European travel and tourism by allowing passengers to purchase tickets through paperless means. Removing existing barriers to allow cross-border licensing of services delivered through connected and automated vehicles and ensuring fully trusted connectivity between vehicles and infrastructure through harmonising technical specifications for cooperative Intelligent Transport Systems (C-ITS) will strengthen our Single market for mobility services. Allowing cross-border car rental to become more feasible and affordable for citizens is another way to strengthen our Single Market for services and tourism while improving the efficiency of the transport system. The Commission will also envisage actions for applying EU single market rules and principles to the taxi and private hired vehicles sector.

Actions:

- Propose a Construction Services Act to lower barriers to cross-border market access for construction and installation services (Q4 2026)
- Work with Member States to simplify permitting and planning procedures to increase the supply of housing in the context of the European Affordable Housing Plan and the European Strategy for Housing Construction (Q1 2026)
- Launch initiative to facilitate the cross-border provision of industry-related services such as installation, maintenance and repair services (Q4 2025)
- Issue guidance and recommendations to Member States to free regulated business services from unnecessary regulation hindering investment and trade (Q1 2026)
- Develop guidance to Member States on the proportionality of their retail regulation (Q4 2026)
- Propose a new EU Delivery Act, to replace the Postal Services Directive and Cross-border Parcels Regulation (legislative proposal Q4 2026)
- Propose a Digital Networks Act to simplify the legal framework and foster the completion of a Single Market for electronic communications (Q4 2025)
- Launch initiative for single digital booking and ticketing for rail (Q4 2025)
- Launch initiative for paperless mobility for passengers and goods (Q4 2026)
- Launch initiative on cross-border car rentals (Q3 2025)
- Ensure harmonised implementation and enforcement of the existing horizontal legal framework (EU Services Directive⁵⁷) (ongoing)

Chapter 3. SMEs in the Single Market

Just like EU citizens, European SMEs should only in very exceptional situations have to go through ‘passport checks’ in the Single Market. To benefit from specific measures for SMEs across Member States, SMEs should *not* normally be asked to ‘qualify’ or to prove their status. The Commission is publishing together with this Strategy a simple and unbureaucratic online tool, available in all EU languages, that generates an SME ID, based on a self-

⁵⁷ Directive 2006/123/EC.

assessment⁵⁸. In the spirit of administrative simplification, where SME identification is considered necessary, rules should refer to this tool. Beyond this, it should be considered carefully whether additional proof of status should be requested from SMEs in justified circumstances (for example, when applying for SME-specific funding).

It must become easier for SMEs to ‘travel’ the Single Market, especially in border regions.

The Commission will use the Network of SME Envoys to work with Member States to further promote measures supporting and facilitating SME activity in cross-border trade. SMEs are particularly impacted by Single Market barriers and obstacles⁵⁹, having less financial and human resources to tackle them. While 3.6% of SMEs already export goods to other EU countries⁶⁰, many more could do so⁶¹. While 73% of the high growth SMEs intend to scale up in their domestic market, only 24% plan to do so within the Single Market⁶². Ongoing dialogue with Member States and small businesses is essential for developing policies that support SMEs and contribute to the objective of reducing administrative burden by 35% for SMEs. The Commission will therefore better use the potential of the Network of SME Envoys with these objectives in mind. The Enterprise Europe Network with over 3500 advisors will further develop its targeted advice and match-making services to SMEs with a particular emphasis on better alerting SMEs to the impact of new legislation and helping them navigate it successfully.

Drafting legislation which SMEs can comply with necessitates a true commitment to the ‘think small first’ principle. Regulatory provisions too often turn into administrative burden and higher costs for SMEs. To better consider SME interests and mitigation measures, a new mandatory SME check has been developed and will now be implemented in Commission impact assessments for all initiatives which were flagged as relevant for SMEs⁶³. Furthermore, SME-friendly provisions should be systematically considered and included by all rule makers when drafting and negotiating legislation. SME-friendly provisions are good practices 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. Their systematic inclusion in legislation will contribute to more effectively integrate SME needs and provide a more stable and predictable business environment for SMEs.

The European Market must be a market where scaling up is encouraged and rewarded.

SMEs that outgrow their status and scale into so-called small mid-caps (SMCs, companies with 250-749 employees) typically demonstrate a rapid expansion, increased innovative capacity, and a high ability to adapt to digital transformation. Nevertheless, these mid-sized companies continue to face specific obstacles, in particular related to administrative burden⁶⁴. Therefore,

⁵⁸ [SME Self-assessment tool](#).

⁵⁹ The Single Market principle of the Small Business Act for Europe (SBA) scoreboard evaluates the performance of each Member State in this area.

⁶⁰ Eurostat (2022), [Enterprise statistics by size class and NACE Rev. 2 activity](#), [Trade by NACE Rev. 2 activity and enterprise size class](#).

⁶¹ [SME Performance Review Annual Report 2024/2025](#).

⁶² Flash Eurobarometer 559 ‘Startups, scaleups and entrepreneurship’ (*forthcoming*).

⁶³ To ensure SME-friendly legislation, the Commission created the [SME filter](#) (COM(2020) 103 final). As part of the process, the [SME Envoys network](#) screens EU initiatives published on the [Have Your Say](#) portal and identifies those likely to impact SMEs.

⁶⁴ SME relief package COM(2023) 535.

together with this Strategy, the Commission is presenting a formal definition for small mid-caps⁶⁵. To facilitate the scaling of enterprises within and beyond the SMC segment, the definition specifically allows companies backed by venture capital and private equity funds to benefit from the SMC status. It is suggested to consider this classification also for SMEs, where relevant, when using an SME definition for developing targeted funding, mitigation measures, or benefits. Additionally, the Commission will take up these considerations when exploring the possibility of updating the SME definition⁶⁶. The SMC package also includes two Omnibus proposals with a first set of eight Directives and Regulations to extend mitigation measures currently reserved to SMEs also to SMCs along with additional simplification measures.

The aim is to help companies outgrowing the thresholds of the SME definition to remove the obstacles they encounter in their transition. In a second step, the Commission will therefore also take into account the needs of SMCs in relevant evaluations and revisions, for example concerning the Public Procurement Directive and the Standardisation Regulation. In a third step, SMCs will be considered in upcoming Commission proposals, in particular the planned Digital Omnibus, covering among others the AI Act, Data Act, Data Governance Act, and Open Data Directive. The Commission will also consider the needs of SMCs in upcoming legislation impacting sectors where SMCs are strongly represented, including electronics, renewables, defence and space, and energy-intensive industries (EII)⁶⁷, for example in the upcoming Industrial Decarbonisation Accelerator Act, the Defence Omnibus and the Space Act. Finally, SMCs will also be specifically considered in the implementation of acts recently adopted, for example the Ecodesign for Sustainable Products Regulation or the Packaging and Packaging Waste Regulation.

More intense use of intellectual property rights (IPR) would improve SME access to finance and thus aid their scaling up in the Single Market. IP protection is the key driver for intangible asset investment and a strong market signal of SME innovative potential. The finalisation of the Patent Package, together with all Member States participating in the Unitary Patent System, would go a long way in completing the Single Market for IP, already achieved in trademarks, designs and geographical indications. The Commission will issue a report on the functioning of the Unitary Patent while engaging in targeted outreach activities to encourage all Member States to join the Unitary Patent system. The upcoming European Innovation Act and the Start-up and Scale-up Strategy will propose concrete actions for the valorisation of IP. The Commission, jointly with the European Union Intellectual Property Office (EUIPO)⁶⁸, will extend the ‘SME Fund’ to 2026 and possibly 2027, and explore covering also valorisation, valuation and commercialisation of IP, as well as geographical indications for crafts and industrial products related costs.

Sustainability reporting requests often trickle down to SMEs. Although they are not subject to sustainable finance legislation or due diligence requirements – such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) – SMEs claim to receive different reporting requests from their partners for the same sustainability information. Limiting the information that larger companies can

⁶⁵ C(2025) 3500.

⁶⁶ 2003/361/EC: Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

⁶⁷ SWD(2025) 501.

⁶⁸ <https://www.euipo.europa.eu/en>.

request from SMEs in their value chain for their sustainability reporting will reduce the burden on SMEs. The Commission's proposed amendments to the CSRD under the first Omnibus package aim to achieve this once they enter into force. But to cover the period until such amendments are confirmed and to provide immediate clarity for the market, a Commission Recommendation on the Voluntary SME standard developed by the European Financial Reporting Advisory Group (EFRAG) will be published by summer 2025.

SMEs encounter difficulties in accessing sustainable finance opportunities. The Commission will aim to support SMEs in two ways. Firstly, the Commission will by summer 2025 revise the Taxonomy Disclosures Delegated Act in a way that does not limit SMEs access to sustainable finance and avoids imposing indirectly disproportionate sustainability reporting requirements to SMEs. This revision will address, in particular, the difference in scope of the numerator and denominator of the Green Asset Ratio (GAR). Secondly, based on the advice of the Platform of Sustainable Finance⁶⁹ and building on the InvestEU sustainability guarantee targeting SMEs, the Commission will develop a voluntary streamlined approach to help SMEs to voluntarily disclose to banks and investors their environmental sustainability performance when seeking sustainable financing. In addition, the Commission will assess, if any subsequent revisions of the delegated act would be required to further facilitate reporting by financial actors, and banks in particular, on how they finance SMEs engaged in sustainable activities.

Actions:

- Provide an SME ID tool based on self-declaration available in all EU languages to facilitate proof of SME status, where appropriate (together with the Single Market Strategy)
- Reinforce the Network of SME Envoys, including to encourage the voluntary adoption of measures encouraging SME cross-border trade and contribute to the administrative burden reduction agenda (Q3 2025)
- Publish best practice examples of SME-friendly provisions that can be systematically considered for inclusion in draft legislative acts and negotiations (Q3 2025)
- Adopt a definition of small mid-caps and an SMC omnibus (together with the Single Market Strategy)
- Extend the existing SME fund, implemented by the EUIPO, for 2026 and possibly 2027 (Q4 2025)
- Adopt a Commission Recommendation for a 'Voluntary SME' standard (VSME) to manage sustainability requests to SMEs stemming from their value chain and financial partners (Q3 2025)
- Develop a voluntary streamlined approach to help SMEs demonstrate their sustainability efforts and improve their access to sustainable finance, including by assessing the need to amend the Taxonomy Disclosures Delegated Act to allow financial institutions to better reflect their financing activities of those SMEs (Q1 2026 / Q2 2026)

Chapter 4. Digitalising the Single Market

⁶⁹ SME advice/report of the Platform of Sustainable Finance – 'Streamlining sustainable finance for SMEs', use this direct (EC) link to the report, March 2025 https://finance.ec.europa.eu/publications/platform-sustainable-finance-report-streamlining-sustainable-finance-smes_en.

The successful operation of the Single Market requires Member States and the EU to work in sync: digital tools make this possible and are fundamental for smart policy implementation. A lack of administrations at national and EU level working together and assuming joint ownership for the day-to-day operation of the Single Market is leading to divergent approaches and application of common rules that limits the effectiveness of the Single Market.

The main elements of an effective and modern regulatory framework include clear and easy to find online information about requirements, digitally accessible procedures, and automated reporting. However, economic operators find it hard or impossible to access information and accomplish administrative formalities online. Where digital procedures exist, difficult-to-interpret legislation, non-machine-readable data formats, fragmented IT ecosystems, and inefficient data exchanges all make it difficult for citizen and businesses to comply with regulatory requirements digitally.

The EU needs a paradigm shift from a document-based to a data-based Single Market. We need to move from exchanging paper documents towards exchanging digital data. This implies automated digital sharing and reporting of structured data allowing businesses and public authorities to exchange data in real-time, replacing cumbersome paperwork and document-based compliance systems with interoperable and secure data-based solutions. Embedding the digital-ready principle into policy design and implementation is key⁷⁰, ensuring that regulatory requirements are designed from the outset to be digital, interoperable, and streamlined⁷¹.

Companies can already be set up and file information with business registers fully online and new digital tools, such as the EU Company Certificate, i.e. an EU corporate identity card, will further reduce burdens for companies⁷². These procedures and tools rely on the system of interconnection of business registers (BRIS), which provides access to the official, reliable and machine-readable company information and enables a secure ‘once-only principle’ exchange of information between business registers, and on the European Unique identifier for companies (EUID). Their implementation and development will be essential for future efforts to fully digitalise procedures and reduce administrative burdens for companies, including through the forthcoming interconnection with the EU beneficial ownership registers and insolvency registers systems, as well as further extending the use of EUID as a company identifier in different policy areas.

Digital identity enables secure, cross-border access to digital services and the sharing of data, attributes and credentials with legal effect across the EU. The full implementation of the EU Digital Identity Framework and in particular the rollout of the EU Digital Identity Wallets at the end of 2026 is essential to support secure, trusted and cross-border digital interactions for citizens and residents. The upcoming European Business Wallet will establish digital identity for economic operators, building on the BRIS and EUID where companies are

⁷⁰ The Interoperable Europe Act entered into force in April 2024 and will allow for early detection of digitally relevant requirements, as well as making interoperability assessments an obligation.

⁷¹ Commission Communication on A simpler and faster Europe (COM(2025) 47) further explains how the principles of smart and digital delivery will be integrated in the design of EU laws.

⁷² Digitalisation Directive (EU) 2019/1151 and Upgrading digital company law Directive (EU) 2025/25.

concerned. It will enable sharing verified data and credentials and a legally valid notification channel, enabling seamless interactions with public administrations and reducing the cost of regulatory compliance.

The Single Digital Gateway (SDG) provides one-stop shop access to information, assistance services, and ‘once only’ administrative procedures. Yet the availability of digital public services for cross-border users strongly lags behind that for national users⁷³. As a result, citizens and businesses still face serious challenges in discovering, retrieving and submitting documents required by authorities in other Member States. The Once-Only Technical System (OOTS) will enable an automated exchange between authorities of documents and data once implemented in practice, requiring the connection of over 80 000 national competent authorities. Digitalising permitting procedures in the scope of the Net-Zero Industry Act and the Critical Raw Materials Act and authorisation procedures for certain services providers are first priorities in terms of sequencing.

While SDG and OOTS facilitate seamless cross-border access to information and procedures, the Internal Market Information (IMI) system improves coordination and cooperation between Member State authorities. Exploiting the full potential of IMI to facilitate policy implementation involves broadening access to IMI and improving interoperability. This will include building a generic, reusable IMI portal to connect businesses to IMI, piloting an IMI notification hub and inter-connecting IMI with other systems.

The Digital Product Passport (DPP) will become the main tool for disclosing and sharing product information across all new and revised product legislation. Introduced by the Ecodesign for Sustainable Products Regulation, the DPP will serve as a digital container for digital labels, conformity documentation, instructions and manuals, certain safety information, technical documentation, and other information required under EU law and has already been included in several new EU legal acts. A data carrier affixed on the product, such as a QR code, will provide access to this information. The first DPP, for batteries, is expected to become operational in 2027 and the tool will be progressively rolled out to other product categories. The simplification Omnibus proposals adopted by the Commission together with this Strategy aim to take the first steps toward aligning EU product legislation with the digital age, by also allowing instructions for use to be made available mainly in electronic form and by digitalising declarations of conformity. The full digitalisation of declarations of conformity and the consumer-friendly digitalisation of instructions of use by the Omnibus will result in swift cost reduction for both economic operators and authorities.

The upcoming NLF reform will fully introduce the DPP to demonstrate compliance with EU product legislation. The potential use of the DPP IT infrastructure to enable the automated re-use of data by companies will also be assessed, to streamline reporting and verification by authorities. It will also explore ways to digitalise processes for product certification, ensuring that conformity assessments are managed in a structured and transparent way, which will save companies and authorities time and money.

Non-machine-readable data formats lead to less efficient and more expensive standardisation processes. This makes it difficult for SMEs to contribute to developing standards and to identify and use relevant standards. Developing structured, machine-readable

⁷³ eGovernment benchmark 2024.

data formats for EU standards will bring more transparency and make it easier for companies to contribute to the standardisation process. As part of the revision of the Standardisation Regulation, this structured-data format will become the rule, which will increase efficiency, make standards more usable and will reduce costs and administrative burden for companies, and also offer trainings to help companies transition to the new format.

Although the new public procurement data space is already bringing benefits, the Single Market's public procurement IT ecosystem remains fragmented, and data exchanges are inefficient. This means that national databases are not sufficiently interoperable, resulting in less competition and meaning suppliers have to submit the same information and evidence again and again. In the short term, public procurement procedures will be made more standardised through an ongoing European Committee for Standardisation (CEN) standardisation request. In the context of the revision of the Public Procurement Directives, the once-only principle should be embedded in law, so it is possible for companies to participate in public procurement across Europe without having to repeatedly submit the same information and evidence. Digital authentication will also be introduced in public procurement processes. The digital transformation of public administration in construction services should be advanced through the use of specific digital tools, such as Building Information Modeling (BIM) software, in public procurement processes.

A key digital enabler of the Single Market, eInvoicing delivers immediate cost savings by automating invoice processing and exchange. eInvoices allow to automate VAT and other reporting obligations, such as for sustainability reporting or customs formalities. EU legislation on eInvoicing in public procurement promotes an EU eInvoicing standard, but there is limited adoption of eInvoicing among EU businesses, low uptake of the EU eInvoicing standard, a lack of interoperable solutions and low reuse of data. A set of measures is envisaged to ensure interoperability and the deployment of the European eInvoicing standard and eDelivery technical specifications, including a Commission Recommendation to integrate an eInvoicing module into all accounting software solutions and auditing national certifications schemes. In parallel, it is planned to pilot the reuse of eInvoicing data for sustainability reporting, and to increase customs transparency by linking eInvoicing data with customs data, in alignment with the development of the EU Customs Data Hub.

The Single Digital Gateway, the Once Only Technical System, the Digital Product Passport, eInvoicing, the forthcoming European Business Wallet, the Business Register Interconnection System and the European Unique identifier for companies, and various other initiatives aimed at streamlining data exchange and digital reporting will collectively establish a cohesive ecosystem of digital solutions. These tools are designed to create synergies that facilitate and simplify doing business in the EU. In addition to enhancing day-to-day efficiency for businesses, this interconnected suite of digital tools will also foster greater economic integration and drive innovation throughout Europe.

Actions:

- Introduce the European Business Wallet for doing business simply and digitally in the EU (Legislative proposal Q4 2025)
- Roll out the EU Digital Identity Wallets across all Member States as a safe, reliable, and private means of digital identification for everyone in Europe (Q4 2026)

- Revise the IMI Regulation to streamline the procedure for expanding IMI to cover new areas (Legislative proposal Q4 2026)
- Digitalise declarations of conformity and certain other product documentation (Omnibus proposals together with the Strategy)
- Amend EU legislation to extend the use of the DPP as a digital container for product-related information (part of the NLF revision, Q2 2026) and ensure its technical roll-out
- Introduce digitalisation provisions in the revised legal framework for standardisation and public procurement (Q2 2026 and Q4 2026)
- Revise the acquis on e-Invoicing in public procurement turning the existing Directive into a Regulation and making the EU eInvoicing standard mandatory for public procurement (Q4 2026)

Chapter 5. Enforcing respect of Single Market rules

The European market can provide leverage through scale only when it is a true Single Market. Even the best rules cannot accomplish their objectives, if they are not implemented or applied in a smart and uniform way. Effective, proactive and fast enforcement of those rules ensures that benefits of the Single Market become a tangible reality for businesses and citizens. Both the Letta report and the Draghi report call for better enforcement of the Single Market.

Correct application and enforcement of the Single Market rules is a shared responsibility of the Commission and the Member States, including authorities from national to regional and municipal level. In addition to naming the high-level Single Market Sherpa, it is essential that Member States reinforce their national Single Market compliance capacities, in particular to address individual issues raised against national measures or practices considered incompatible with the Single Market and support businesses and citizens with fast, easily accessible and effective means in making use of their Single Market freedoms. Member States shall complement the role of the Commission as the guardian of the Treaties and ensure joint ownership of the Single Market as described in Chapter 1.

Preventing new Single Market barriers

Prevention is better than cure. It starts from the very moment that a Member State is considering a new rule. More than ever, it must be a priority in each Member State, to counter further fragmentation of the Single Market, foster a better compliance culture and reinforce the prevention of new regulatory barriers. The most important preventive tools are notifications under the Single Market Transparency Directive⁷⁴ and under the Services Directive⁷⁵. In addition, the Proportionality Test Directive⁷⁶ provides for ex-ante proportionality assessments of new regulation of regulated professional services by Member States. These tools create transparency about new national rules and enable discussion with Member States to ensure in-depth assessment of their impact on the Single Market to prevent new barriers. If necessary, the existing preventive instruments will be enhanced, in particular through improved transparency and stakeholder consultation.

⁷⁴ Directive (EU) 2015/1535.

⁷⁵ Directive 2006/123/EC.

⁷⁶ Directive (EU) 2018/958.

A thorough assessment of planned national rules that could create barriers in the Single Market is essential to limit such barriers to what is strictly necessary to protect legitimate public interests. Proportionality plays a decisive role in that regard. Member States shall conduct a thorough assessment of proportionality before adoption of national rules. The Commission will ensure a regular and in-depth monitoring of such assessments, in particular where EU law sets out specific rules or procedures for those⁷⁷.

Collaborating to reduce Single Market barriers

Close collaboration between Member States and the Commission is essential for the effective implementation of the Single Market rules and the removal of existing barriers. The key platforms allowing structured collaboration are the SOLVIT network⁷⁸, helping with solving individual cases where citizens and businesses encounter obstacles when moving or doing business across borders, and the Single Market Enforcement Taskforce (SMET)⁷⁹.

While both SOLVIT and SMET proved successful, we need to further strengthen and expand their work, translating conclusions into concrete follow-up actions. Member States should reinforce their SOLVIT Centres, focusing on staffing, expertise, network of contacts and capacity to influence other national authorities. The Commission will address Single Market barriers detected by SOLVIT, including by launching infringement procedures if deemed necessary, and continue reporting on SOLVIT cases, including in the future Annual Progress Reports on Enforcement and Implementation to the European Parliament and Council. SMET will be reinforced to tackle more effectively the most significant barriers for goods, services, people and capital in the Single Market, hindering EU competitiveness. This will be done via the annual high level political meeting⁸⁰. In addition, the Commission will carefully analyse the results of SMET work. If the barriers have not been sufficiently removed, it will take concrete follow-up actions, such as infringement procedures if the barrier is related to a breach of EU law, revision of legislation or a new legislation if the barrier is due to the absence or unclarity of EU rules.

Efficient legal action where required

Effective, proactive and fast legal action is important for strategic enforcement of Single Market rules. Infringement procedures are a forceful tool entrusted to the Commission to ensure the respect of the Single Market rules. Where the Commission decides to open infringement procedures for breaches of Single Market rules, the Commission will accelerate them both internally and in its dialogue with the Member States. Infringement procedures will be accompanied by transparent communication and clear explanations regarding the objectives pursued, the expected benefits of infringement decisions as well as the results achieved in cases where proceedings are closed.

Driving strategic enforcement priorities will be key. In addition to ensuring enforcement in response to significant breaches of EU law indicated by stakeholders, the focus will be on proactive and strategic enforcement of Single Market rules. The Commission will identify

⁷⁷ For instance, the Proportionality Test Directive (Directive (EU) 2018/958).

⁷⁸ For more details see [SOLVIT website](#).

⁷⁹ See fn. 20.

⁸⁰ See more on SMET annual high-level political meeting in Chapter 1. Removing barriers: Doubling down on the ‘Terrible Ten’.

priority policy areas and present them in an annual Single Market enforcement agenda, conduct a systematic investigation into the implementation and application of Single Market rules in these areas, and where appropriate, launch infringement procedures in a coordinated manner.

Actions:

- Propose a Single Market Barriers Prevention Act (Q3 2027, if necessary, based on the assessment of the functioning of existing preventive tools)
- Call a first meeting of the high-level Single Market Sherpas (Q4 2025)
- Organise a first SMET annual high-level political meeting (Q4 2025)
- Strengthen the national SOLVIT centres and the whole Network for more efficient problem solving and better support of business cases (Q4 2025)
- Systematic follow-up by the Commission and Member States on structural issues identified by SOLVIT and on barriers, where SMET efforts have not been successful (as of Q2 2025)
- Present the first Annual Single Market enforcement agenda (Q1 2026, to be linked to publication of the Annual Single Market and Competitiveness Report)

Conclusion

At a time of extraordinary global uncertainties, we must make our own European Market work to its full potential. The Single Market was set up over thirty years ago to develop a European social market economy that brings our people together in prosperity. We have come a long way. And yet we can and must do more to suppress barriers, simplify rules and enable businesses to grow. To protect EU citizens and businesses from unfair competition, risks and unpredictable global turbulence and continue to give them a framework based on the rule of law, predictability and legal certainty. It is the European Market that allows us to enhance our internal value chains.

A strong Single Market gives Europe a strong voice globally and the EU remains a strong and reliable partner for like-minded countries both globally⁸¹ and within the region. Next to the participation in the Single Market of the EEA-EFTA countries, the Commission proposes a structured framework to boost the inclusion of the Western Balkans, Ukraine and Moldova. This ‘highway’ to the Single Market would include closer regulatory alignment and facilitating the integration of their industries into European value chains ahead of full EU accession. In addition, whilst the EU is and will remain one of the most open economies, global trade is drastically altered by unfair practices, unjustified tariffs and distortive subsidies of some third countries. To re-establish the level-playing field and because the Single Market cannot be the export destination of state-induced excess capacity and trade diversions, the EU will make full use, whenever necessary, of trade defence tools (including safeguards) and justified tariffs.

Further developing our European market is a joint endeavour. The Commission will deliver its part with the actions set out in this Strategy and by using all tools at its disposal to ensure compliance with Single Market rules, including by launching infringement proceedings where necessary. We call upon the European Parliament and Council to work together and

⁸¹ The Commission will continue to engage with the UK, Canada, Japan, South Korea and other like-minded countries, notably through free trade agreements and more targeted and flexible partnerships.

make the adoption of Single Market proposals a priority. Together we should aim to have a modernised and digitalised European Market framework in place by 2030.

Member States have a main role to play as the daily application of EU rules is in their hands. It is therefore key that Member States bring their policy and legislation in line with our common objectives and rules to ease business and allowing companies to operate across the European Market with greater ease.

The European Council announced it will take stock of progress made with the further development of our European market and ensure political support. The Commission is ready to support this effort and will update on progress made with the implementation of this Strategy in its Annual Single Market and Competitiveness Report, including its key performance indicators.
