



# SMEs

Think commerce, think local communities

## Introduction

1 in 4 of the EU's SMEs are active in retail & wholesale. They provide around 20 million jobs and contribute over €900 billion per year to the EU's GDP. However, your local shop or wholesaler is more than a service for buying and selling or fulfilling a role as supplier to your local café, plumber or builder, they are an integral part of the relationship with the local community.

SME retailers and wholesalers come in many forms, but they all are independent entrepreneurs who operate at their own risk. They can employ 1 to 250 people and can operate on their own or work together with a purchasing organisation/ cooperative or a franchise formula. They can be active locally or on international markets. Each are connected to the local area and they are all socially active in and around their store or warehouse, contributing to the vitality of the community. The entrepreneur and his or her employees create a bond amongst citizens and

bring character to local areas (capitals, small towns, rural areas). They support local schools and neighbourhood events and help to create an environment where people want to live, work and bring up their families.

SME retail and wholesale contributes to local and inclusive jobs for all and particularly for women, persons with health disabilities or at entry-level. Due to their local footprint, they can play a key role in meeting sustainable development goals and could go even further if they invest in their transformation. Operating at the end of the supply chain exposes SME retail and wholesale to multiple rules applying to multiple products, that makes the **cumulative burden of both EU and national legislation** crippling. This is especially the case when compounded by legal variations between countries and complex cross-border administrative burdens that deters expansion in the Single Market.

## Key asks

**Appreciate the cumulative burden of regulation and ensure rules are feasible and supported by tools to mitigate the impact.**

1. Assess both the **cumulative burden and direct and indirect effects of EU and national legislation on SMEs**, where the 'trickle-down effect' can include SMEs, even where they are, de jure, excluded.
2. **Stop over relying on surveys and perception** – instead run pilots, hold fact-finding visits with SMEs, bring SME entrepreneurs together with supply chain partners to understand how they collaborate in practice and involve stakeholders including their professional organisations more frequently.

3. Make the **SME Test, Think Small First principle and competitiveness check** more effective, by training Commission services and building on experience to improve proportionality and practicability, as well as ensuring a true check on growth, competitiveness or the viability of SMEs.
4. **Provide clearer guidance more quickly**, learning from the delays experienced with the implementation of rules on deforestation and microplastics.
5. Plan better upfront so that **legislation is implementable from the start** and start



work early with Member States on how they can support implementation.

6. Produce a **legislation tracker to map implementation** dates so that SMEs can plan accordingly. The same tool could be used to make cumulative burden more visible and make it easier to identify duplicate reporting requirements, or what could be streamline or removed.
7. **Grow the tools that ease cross-border administration** (e.g. Single Digital Gateway) **and ensure online business tools** (e.g. Solvit) **are user-friendly** by pre-consulting with SME users and raising awareness.

### Increase the visibility of SME retailers and wholesalers' contribution to local communities and empower national retail and wholesale associations while supporting revitalisation initiatives.

1. **Empower national retail and wholesale associations to support SMEs** so they can better offer a platform to collaborate on issues such as capability gaps, lack of practical and legal know how. Provide assistance with financial literacy, accessing skills as a service and enable SMEs to facilitate best practice exchange.
2. **Raise the profile of the contribution the sector makes** to jobs and communities.
3. **Develop ambitious programmes for the revitalisation of town centres**, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector at the centre of such plans.

### Help SME retailers and wholesalers transform and invest in their future and transform.

1. **Encourage national programmes and financial support targeting retail and wholesale** using the transition pathway for the retail ecosystem as inspiration and help them invest the €60 billion needed for the digital, sustainability and skills transformation.
2. **Encourage the uptake of digital solutions:**
  - Simplify access to shared logistics (e.g. cloud computing).
  - Increase trust on how cybersecurity, privacy, confidentiality and trade secrets are secured to encourage data sharing.
  - Increase the number of targeted initiatives on digital skills for retail and wholesale (e.g. by

using the European Semester, sharing best practices from recovery programmes (RRF)).

3. **Encourage sustainability transformation:**
  - Tackle capability gaps and legal issues on sustainability cooperation (e.g. through easy guidance on collaboration in the supply chain).
  - Offer guidance on how to advance to net zero operations (e.g. installation of renewable energy, net zero stores and warehouses, net zero fleets) and supplies (e.g. sustainable sourcing and manufacturing).
  - Increase the ease and speed of decisions, including in historic town centres, on making structural changes to increase energy efficiency or install clean technology (heat pumps, solar panels), develop new business models (e.g. repair, re-use) or appeal to the changing consumer.
  - Prioritise better infrastructure to make circularity easier, less costly and more attractive.
4. **Support increasing skills:**
  - Improve access to skills as a service and develop more links to service providers (e.g. through Digital Innovation Hubs, skills partnerships at local and regional level in cooperation with the professional organisations (instead of expensive consultants)).
  - Increase access to information, practical know-how, and dedicated support.
5. **Help SME retailers and wholesalers access finance:**
  - Improve awareness of available funding opportunities, provide clear guidance, simpler access and fast lane procedures and ease the burdens and accountability/reporting linked to accepting public funds. Encourage more national schemes that offer alternative sources of finance (e.g. voucher schemes, tax incentives, updates to guidance on crowdfunding) without excessive interest charges.
  - Maintain flexibility to negotiate payment terms in the proposed Late Payments Regulation.
6. **Tackle the problems that arise from the imbalance of power with card schemes** to make the rising costs of accepting debit and credit card payments more affordable to SMEs.