

## Statement

### **EU Competitiveness Compass has potential to boost independent retail competitiveness if implemented (more) ambitiously and inclusively.**

Independent Retail Europe welcomes the European Commission's Competitiveness Compass, a strategic framework that can be an important step towards revitalising Europe's competitiveness, fostering innovation, and accelerating decarbonisation while strengthening the Single Market and supporting SMEs. The Competitiveness Compass captures the urgency of addressing Europe's long-standing structural barriers and emphasises the need for bold action to unlock economic growth. However, actual implementation will be critical to deliver on these promises. **We strongly encourage the Commission to remain highly ambitious in the implementation of its priorities, with an emphasis on ensuring the competitiveness of SMEs, which are the heart and soul of Europe's economy.**

#### **Support for simplification and SME competitiveness**

- We fully support the Commission's plans to simplify administrative and regulatory burdens through the upcoming Omnibus proposal and its target to reduce administrative burdens by at least 25% for firms and 35% for SMEs. Simplification is vital for the competitiveness of SMEs, which benefit from regulatory exemptions in EU legislation. However, we urge the Commission to be more ambitious and consider a broader approach to simplification, extending efforts beyond taxonomy, due diligence, and financial reporting to cover other areas that impact SME operations. It goes without saying that any reduction/simplification/streamlining initiative needs to be preceded by a proper, inclusive stakeholder consultation process.
- The proposal to introduce an SME Competitiveness Check in impact assessments is a measure that aligns with Independent Retail Europe's long-standing request and our [EU elections manifesto](#). We invite the Commission to ensure that it will systematically assess impacts on the different sizes of SMEs, and on SMEs at the different stages of the supply chain. No Commission proposal should proceed if the test yields negative results for SMEs at any of the stages.
- We welcome the proposal to introduce a new definition of small mid-caps to reduce reporting requirements. However, SMEs should not be forgotten: the recent inflation wave made the financial thresholds used in the SME definition obsolete, putting many companies at risk of losing regulatory exemptions for small & micro companies. To preserve SMEs' competitiveness, it is crucial to revise the SME definition in light of inflation, as done recently through the revision of the Accounting Directive's thresholds.

#### **A fully integrated Single Market is essential**

- Independent Retail Europe strongly supports the Commission's commitment to a 'forceful approach' to harmonisation and enforcement in the Single Market. A fully functioning Single Market is essential to unlocking growth for SMEs and cooperative retail groups.
- In this context, we call on the Commission to be highly ambitious in its upcoming Single Market Strategy (especially concerning removal of barriers to the single market) and to adopt a more assertive infringement policy. Additionally, we reiterate our call for a ban on Territorial Supply

Constraints (TSCs), which fragment the market and artificially raise consumer prices for FMCG products.

### Skills and Workforce Development

- We also welcome the Commission's focus on addressing skills shortages and promoting lifelong learning, as outlined in the proposed Union of Skills. Like many sectors, retail faces significant challenges in attracting and retaining skilled workers. Access to talent is vital to the future competitiveness of cooperative retail groups and SMEs, and we call the Commission to ensure that skilling initiatives are accessible to all sectors, including retail.

### Decarbonisation and the Circular Economy

- With regard to the circular economy, we encourage the Commission to create a Single Market for waste and reusable materials. This could address barriers that hinder the efficient recycling of materials across Member States, aligning with the goals of the proposed PPWR.

### Thorough, inclusive consultation is necessary

- **We finally call on the Commission to exercise due diligence by ensuring that all the plans envisaged under the Competitiveness Compass are subject to a proper consultation process. An inclusive approach is essential to ensure the needs and perspectives of all affected sectors are adequately considered.**

Independent Retail Europe is optimistic about the potential of the Competitiveness Compass to drive Europe's economic transformation. However, the success of this framework will depend on decisive action and sustained ambition. By fully integrating SME priorities, simplifying administrative burdens, harmonising the Single Market, addressing workforce challenges, and aligning competitiveness with sustainability, the EU can pave the way for a more dynamic and competitive economy.

We look forward to engaging with the Commission and contributing to the implementation of the Competitiveness Compass to ensure that SMEs and cooperative retail groups continue to thrive as key drivers of growth, innovation, and local economic resilience across Europe.

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### About Independent Retail Europe:

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their over 501.000 independent retailers, who manage more than 764.000 sales outlets, with a combined retail turnover of more than 1,411 billion euros and generating a combined wholesale turnover of 621 billion euros. This represents a total employment of more than 6.440.000 persons.

