

Joint business statement on the upcoming horizontal Single Market Strategy

Swift and ambitious actions are required if we are to boost Europe's competitiveness, guarantee European living standards, and revitalise the EU's diminishing stature on the global stage. EU economic growth has lagged behind the US for over 20 years, with the GDP gap widening from 15% in 2002 to a staggering 30% in 2023.¹

As the Competitiveness Compass underscores, "a resolute European response is urgently needed." It is time to make the EU the most attractive place to invest again. The EU and Member States need to intensify their efforts and dedicate appropriate resources to ensure prioritisation, enforcement and strengthening of the Single Market. In services, 60% of the barriers from 20 years ago still hamper companies today.²

Real competition only exists where companies in the EU can freely establish in any Member State and operate across borders. This will be the foundation for our society's welfare, consumers' choice and affordable products and services. EU countries must move away from diverging national rules and commit to a true Single Market.

The upcoming horizontal Single Market Strategy is a unique opportunity to address these challenges head-on, demonstrating that EU institutions are committed to revitalising competitiveness and bringing Member States together in this endeavour.

We call for a strategy that focuses on removing concrete barriers for businesses with clear roadmaps and timeframes, is comprehensive in scope, and swift in execution. The strategy should:

- 1. Advance urgent actions with clear timelines and milestones to complete the single market in critical areas for Europe's society and economy, such as goods, services, data and digital, product market access, capital, and energy.** This strategy must be a genuinely horizontal exercise, involving coordinated efforts across all relevant services of the European Commission, ensuring all Directorate Generals 'think single market' in their initiatives. Addressing the fragmentation of rules is essential at a time when our manufacturing base is struggling, investments and ambitions to scale are shifting to other continents. Only 8% of SMEs, for instance, trade across EU borders³ and lack of harmonisation costs Europe €200 billion a year.⁴ Barriers to free movement of labour also aggravate critical labour and skills shortages.
- 2. Cut the regulatory burden on EU businesses and design an ambitious burden-reduction plan with clear, measurable targets.** A first step is the Commission's pledge to cut reporting requirements by at least 25%, and 35% for SMEs. We now call on the Commission to deliver this ambition across all regulatory burdens. Legislators

¹ Mario Draghi, The Future of European competitiveness, Part A | A competitiveness strategy for Europe, 2024

² Enrico Letta, Much More Than a Market, available at <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

³ European Commission (2022), 30 years of Single Market – Taking Stock and Looking Ahead, available at https://single-market-economy.ec.europa.eu/publications/30-years-single-market-taking-stock-and-looking-ahead_en

⁴ Mario Draghi, The Future of European competitiveness, Part B | In-depth analysis and recommendations, 2024

must focus on eliminating unnecessary or incoherent rules on aspects like sustainability and circular economy, digital and data, product compliance and consumer law. Surveys show administrative hurdles are the largest obstacle to trading across EU borders.⁵ Tackling these problems requires digitisation, once-only reporting, and a pragmatic approach that considers the practical implications of compliance for businesses throughout the whole value chain. Simplifying compliance also means safeguarding Europe's product market access framework while improving the functioning of its standardisation system to keep businesses in the lead.

- 3. Protect Single Market integrity through better implementation of rules.** The Commission must re-intensify infringement actions against Member States breaching Single Market rules and reassert its role as guardian of the Treaties. The use of infringement procedures dropped by 80% between 2020 and 2023, compared to past mandates.⁶ The infringement procedure should be made faster, more automatic and transparent. We also believe that early, close implementation dialogue between the Commission and Member States, as well as timely consultation with stakeholders, are crucial to minimise gold-plating and ensure smooth implementation, for example with more detailed guidelines from the European Commission.
- 4. Radically redesign EU policymaking to strengthen the Single Market.** The EU must overhaul its lawmaking process to ensure that impact assessments are conducted in all phases of EU decision-making and correctly factor in the effects of new regulations on competitiveness, incentives for growth and investment, and the Single Market, based on an appropriate cost-benefit analysis. This requires granting more authority to the Regulatory Scrutiny Board, ensuring proper stakeholder involvement in the preparatory stages of law-making, and introducing – where appropriate – a sandboxing approach to test regulations before full implementation.
- 5. Significantly re-focus enforcement resources.** There is an urgent need to address non-compliance with Single Market rules and ensure a level-playing field. The Commission and Member States should step up collaboration in enforcement at EU and national level and use public-private partnerships in market surveillance, which are foreseen in EU law, to improve compliance with Single Market rules. This includes supporting companies to comply with the increasing load and complexity of EU regulations.

⁵ Ifo Institute, 2024, Building a Stronger Single Market: Potential for Deeper Integration of the Services Sector within the EU, available at https://www.econpol.eu/sites/default/files/2024-11/EconPol-PolicyReport_52_Trade%20Services.pdf

⁶ Financial Times, Policing of EU market rules drops under von der Leyen's commission, available at <https://www.ft.com/content/b81c0d86-4837-42a5-bf01-d4768791f2cf>