



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 May 2012

10529/12

**COMPET 328
MI 384**

NOTE

from: The Lithuanian delegation
to: Council (Competitiveness)
Subject: Information paper from the Lithuanian delegation

Delegations will find in annex an information paper from the Lithuanian delegation.

The EU Growth Agenda

NON PAPER FROM CZECH REPUBLIC, ESTONIA, LATVIA, LITHUANIA, MALTA, POLAND, ROMANIA, SLOVAKIA, SLOVENIA, SWEDEN, UNITED KINGDOM ON THE SMA II

Ministers from 15 EU Member States responsible for growth and competitiveness met in Vilnius on 18 April, 2012 to discuss reforms to the Single Market. This non-paper has been prepared on the basis of that discussion, reflects the views of the Member States that have put their name to it and is aimed at assisting the Commission during the development of Single Market Act II.

Economic realities and untapped potential of the Single Market

Economic forecasts for the EU are not encouraging: real GDP growth is expected to be 0% in 2012. Ensuring that growth returns to the EU and supports the sustainable development of the EU economy must, therefore, continue to be our primary aim.

The Single Market remains a central foundation of the EU's economic success. In the two decades since the establishment of the Single Market, we have witnessed Member States trading twice as much with each other as they would do if the Single Market was not in place, increased growth of at least 1.85% and the creation of 2.75 million new jobs across the EU. However, much more still needs to be done to unlock the full growth potential of the Single Market, especially in the sectors representing the highest growth potential, namely, the services and digital sectors. And in the current economic climate, we cannot delay in bringing about reforms.

The aim of this non-paper is to highlight the areas that we believe must be prioritised as part of SMA II due to their **critical importance to growth, competitiveness and jobs**. This paper should also be viewed as part of the current discussion about growth enhancing policies on how to stimulate growth by unlocking the full economic potential of the Single Market, as part of a multiple approach.

Moving forward with the Single Market agenda (SMA II package)

The Commission made considerable progress in preparing the first package of the Single Market Act (SMA I), eleven of twelve key actions have already been delivered. With the view of the forthcoming SMA II package we are presenting the following observations and proposals.

We believe that the selection of the priorities to be included in SMA II should be based on economic evidence. And we should focus on **a limited number of actions** in a few key areas that will have **the greatest positive impact on growth** and are essential for the improved functioning of the Single Market. Broadly speaking we believe that action in two key areas should be prioritised: **(i) the services sector, (ii) the Digital Single Market**, possibly adding some more specific issues beyond this.

Priorities for the services sector:

- clear-cut policy actions (including both, establishment and provision of cross-border services), concrete steps removing unjustified requirements and promoting the best regulatory practices;
- concrete steps in efficiency improvements of the Points of Single Contact as well as transparent benchmarking for implementation of the Services Directive;
- boosting fair competition and facilitating cross-border operations in the retail markets and further opening of other services' sub-sectors (such as business services, construction, etc.);
- Establishment of the proportionality test as a tool when reforming the areas of services and regulated professions.

Priorities for the digital sector:

- areas with the highest growth potential, i.e. e-commerce, e-public procurement and e-invoicing;
- simple and flexible EU framework for e-commerce, mobile commerce and e-government services;
- next generation of internet infrastructure.

Finally, a balance should be found between proper **implementation and enforcement** of what is already agreed and **new initiatives**. The repetitive experience with delays (when delays in implementation serve as an excuse for non-action) should be avoided by all means.

We are open to discussing all the issues raised in the non-paper with the Commission so as to support efforts to develop SMA II.
