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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council of 28 November 2016*
- Single Market
a) One year after Single Market Strategy adoption
b) Presentation of the Start-up initiative

- Policy debate

Delegations will find in annex a Presidency Discussion Paper “Single Market: One year after Single Market Strategy adoption” with a view to the Competitiveness Council on 28 November 2016.

Single Market: One year after Single Market Strategy adoption
– Discussion Paper
Competitiveness Council, 28 November 2016

A. The importance of the Single Market

The Single Market is one of the major achievements of the European Union. It is beneficial for both consumers and businesses. The European Single Market fosters trade between Member States, strengthens competition which results in lower prices and wider choice for consumers. It is one of the most significant sources of economic growth of the EU and provides European consumers and business real life benefits.

For all the achievements of the Single Market in the past 50 years, many significant economic barriers remain, notably in the area of services. Unlocking the full potential of the Single Market is a prerequisite for a steady economic growth and higher employment. The Commission estimates that more ambitious implementation of the Services Directive would add 1.8 % to the GDP of the EU, improving the productivity and competitiveness of the EU economy and creating opportunities and jobs.

B. The Single Market Strategy

The Single Market Strategy¹ was adopted by the European Commission in October 2015. It consists of targeted actions in three key areas: (1) creating opportunities for consumers, professionals and businesses; (2) encouraging and enabling the modernisation and innovation that Europe needs; and (3) ensuring practical delivery that benefits consumers and businesses in their daily lives. The Single Market Strategy focuses on practical measures helping small and medium-sized enterprises (SMEs) and start-ups to grow and expand, promoting innovation, unlocking investments and empowering consumers.

¹ Doc. 13370/15, Commission Communication "Upgrading the Single Market: more opportunities for people and business".

According to the Single Market Strategy initiatives need to be adopted in order to remove unjustified discrimination of consumers in businesses in the Single Market for the reasons of their nationality, place of residence or place of establishment, to simplify VAT regulation, to reduce the cost of company registration, to regulate business insolvency and to make all information on regulatory requirements accessible in a single digital gateway. Small entrepreneurs will benefit from an initiative on SME-friendly intellectual property rules and the European agenda for collaborative economy. The free movement of services will be facilitated by an initiative aimed at the recognition of professional qualifications and the cross-border provision of business services, construction and other services that generate growth. A roadmap consisting of 22 initiatives is part of the Strategy. The majority of the initiatives is planned to be adopted by the Commission in 2016 and 2017, including new legislation for different areas.

Crucially for the EU's competitiveness, the Single Market Strategy aims to inject new dynamism to the EU services economy, which has been under-performing and recording low – and in some areas even negative – productivity growth. Both the Council and the European Parliament expressed clear support for the objectives and actions announced in the Single Market Strategy (Council's Conclusions on the Single Market Strategy in February 2016² and European Parliament's report on the Single Market Strategy³ (Rapporteur Mrs Comi) adopted in May 2016). The Council in its Conclusions from 28 February 2016 called to speed up the adoption, transposition and implementation of Union legislation in the Single Market area and to enhance efforts to remove barriers and to complete the Single Market in products and services. Such an accelerated and intensified approach requires priority treatment by all three institutions. Special emphasis should be put on SMEs, start-ups, scale-ups and innovative businesses to fully enable the growth of their cross-border economic activities. Moreover, in June 2016, the European Council also called for a renewed focus on the Single Market across Europe and for swift implementation of the Commission's agenda in this area⁴.

² Doc. 6622/16.

³ Doc. P8_TA(2016)0237.

⁴ Doc. EUCO 26/16.

C. Progress so far

The Commission has delivered first initiatives identified in the Single Market Strategy. In May 2016, the Commission adopted its legislative proposal to prevent discrimination against consumers based on nationality or residence (initiative on **geo-blocking**)⁵, as part of the **e-commerce package**⁶. In June 2016, the Commission adopted a **Standardisation package**⁷, which included the Joint Initiative on Standardisation (presented in the Competitiveness Council of 28 September) and a dedicated guidance document on service standards. The Commission also adopted a **European agenda for the collaborative economy**⁸ in June 2016. This Communication identifies good practice solutions and explains how existing EU law should be applied; clarifying key issues faced by market operators and public authorities alike, namely market access requirements, consumer protection, liability, labour law and tax. Moreover, in November 2016, the Commission will adopt the **Start-Up initiative**, a communication that aims at helping young firms to scale up and grow in the Single Market.

D. Steps forward

Many of the initiatives have not yet been adopted by the Commission. The Commission plans to deliver some important proposals and packages in the remainder of 2016. Towards the end of the year the adoption of the **services package** is foreseen. The package will include a proposal to improve the notification procedure for legislation with regard to services, a proposal for a European Services Card (identified as the Services passport initiative by the Single Market Strategy), which is to improve the cross-border provision of services and initiatives on regulated professions, such as a proportionality test to be applied when developing new legislation in this field and guidance to Member States on the matter of regulated professions.

⁵ Doc. 9611/16.

⁶ Doc. 9610/16, Doc. 9706/16, Doc. 9565/16, Doc. 9610/16 ADD1.

⁷ Doc. 9969/16, Doc. 9969/16 ADD1, Doc. 10193/16, Doc. 9966/16, Doc. 9966/16 ADD1.

⁸ Doc. 9911/16.

The Commission will continue adopting the remaining initiatives announced in the Single Market Strategy in 2017. These include a review of the **intellectual property rights enforcement framework** (IPRED), a **Compliance and assistance package**, including the Single Digital Gateway, the Single Market Information Tool and the Action Plan for SOLVIT. This will be followed by a **Goods package**, including initiatives regarding mutual recognition and addressing the increased rate of noncompliance within the Single Market for Goods. Also in 2017 the Commission will present a **Public Procurement package** including the voluntary ex-ante mechanism for large infrastructure projects. Finally, the Commission is planning to publish a Communication setting out best practices to facilitate **retail establishment** within the Single Market.

E. Questions for discussion

- 1. What is your assessment with regards to the implementation and the progress achieved so far concerning the Single Market Strategy?*
- 2. Where do you see the biggest potential to inject new dynamism into the Single Market, to the benefit of EU consumers and the EU's industrial competitiveness?*
- 3. How can the Council help ensure the swift and ambitious implementation of the Single Market Strategy?*