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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: Preparation for the Council meeting "Competitiveness on 4 and 5
December 2014"
**Enhancing the Single Market in all its dimensions - priorities for the
future**
- *Policy debate*

Delegations will find attached a Presidency note with a view to the policy debate on Enhancing the Single Market in all its dimensions - priorities for the future, which will take place at the Competitiveness Council on 4-5 December 2014.

Presidency Discussion Paper

Competitiveness Council - 4 December, Brussels.

Enhancing the Single Market in all its dimensions - priorities for the future

INTRODUCTION

The EU's Strategic Agenda adopted by the European Council in June 2014 recognises that Member States are emerging from a deep economic crisis and acknowledges the need for an environment where growth, competitiveness, investments and jobs can thrive. **The beginning of a new Institutional cycle, with the new Commission, European Parliament and President of the European Council, provides an opportunity to give a fresh start for a better Europe, focused on re-engaging citizens, delivering prosperity and fostering employment.**

The December 2013 Competitiveness Council highlighted in its Conclusions "*the importance of streamlining existing structures in order to increase visibility and effectiveness of the Single Market policy*" and recognised "*the need for a stronger role of the High Level Group on Competitiveness and Growth in monitoring and providing guidance*" in feeding the results of the Annual Commission Report on the state of the Single Market integration into the European Semester process on a regular basis.

The June 2014 European Council agreed within the Strategic Agenda that the EU should "*fully exploit the potential of the single market in all its dimensions: by completing the internal market in products and services; by completing the digital single market by 2015*" and "*promote a climate of entrepreneurship and job creation, not least for SMEs*". The current Trio Presidency also laid down amongst its key objectives: a European recovery in terms of jobs and growth, as well as the seizing of opportunities of the digital economy.

There are some big challenges ahead as the pace of globalisation and economic integration increases and is felt across Europe. The Single Market is key to Europe's strategy in responding to these challenges and is one of the main tools to allow European citizens to benefit from an open, global market, in a spirit of reciprocity and mutual benefit in international markets.

Completion of the Single Market by tackling the remaining unjustified barriers, particularly in goods and services, can be of great benefit to citizens. At the same time, efforts in the internal dimension, should go hand in hand with a proactive engagement in the external dimension of the Single Market, if we want to ensure that Europe continues to compete with the rest of the world while asserting its interests.

The Presidency considers that the beginning of the mandate of the new European Commission represents the right moment and a window of opportunity for Member States to discuss the future priorities with the new Commissioners on a number of relevant Single Market issues, with the aim of encouraging an exchange of views on the future strategic strands of action.

It has been highlighted during the Presidency and in particular at the September Competitiveness Council, that there is a need to ensure a better link between the fiscal elements and the real economy in order to support the growth and competitiveness agenda, within the context of the European Semester. From this point of view, special attention should be given to the Annual Growth Survey and in particular the annual Report on Single Market integration.

1. Completing the Single Market

Full exploitation and completion of the Single Market has been identified as a priority by the **European Council**. This is true, in particular, for the area of services.

All relevant stakeholders believe that there is a need to undertake further action on services to remove unjustified barriers resulting in discriminatory or disproportionate requirements for providers and recipients. By way of example then, Member States could provide feedback on the peer review on services, highlighting if the peer review is considered a useful process and can be extended to other sectors.

Furthermore, in sectors such as energy, transport and digital technologies, initiatives for completion of the Single Market could offer real benefits, encouraging public-private partnerships and attracting new investment. On this basis, the focus on those policy areas could support business skills in Europe and in particular those of SMEs, helping them to fully implement the Entrepreneurship Action Plan 2020 and renew the prospects of the ‘Small Business Act’.

In this context, the development of the infrastructure for cross-border energy interconnection, in an area that is increasingly inter-dependent and requiring a coordinated approach, is key to increase the resilience and efficiency of the energy sector throughout the territory of the Union.

The same goes in relation to the Single Market in transport, where a coherent policy on infrastructures and good governance at all levels could support Europe’s recovery and open the way towards an efficient pan-European infrastructure in the near future.

Moreover, the world has become more digital in recent years, and powerful tools such as the internet and digital communication technologies should be exploited in order to help modernise economies. If not, Europe risks lagging behind.

In this context, the 300-billion euro investment plan announced by European Commission President Jean-Claude Juncker could also represent an important opportunity for investment in network industries considered essential, not only for the revival of the Single Market, but also for its completion.

2. The External Dimension of the Single Market

The success of the Single Market is dependent not only on the successful governance of policies and correct implementation of rules, but also on the ability for the EU to promote and export its Single Market principles. A more efficient and deeply integrated internal market may provide further incentives for foreign investments in Europe.

International policies touch on several aspects of the Single Market, from financial services to public procurement and professional services. These fields will therefore require adequate and consistent consideration when they are negotiated in the context of international agreements, such as the Trans-Atlantic Partnership Agreement (TTIP).

Questions addressed to guideline the debate:

- *In what areas do Member States think action should be taken to further develop the Single Market and increase Europe's economic integration? Please underline also the measures to be taken (e.g. review of EU legislation or soft law actions such as guidelines from the Commission or peer reviews), considering also the annual report on the Single Market Integration.*
 - *Among the target areas highlighted on the basis of the above question, which ones do you consider to be of highest potential in terms of mobilisation of new investments?*
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