



Council of the  
European Union

Brussels, 24 April 2015  
(OR. en)

8062/15

COMPET 153  
MI 241

**NOTE**

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From: General Secretariat of the Council  
To: The High Level Working Group on Competitiveness and Growth  
Subject: The Internal Market Strategy for Goods and Services

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Delegations will find in Annex a note on the Internal Market Strategy for Goods and Services for the exchange of views at the meeting of the High Level Working Group on Competitiveness and Growth on 6 May 2015.

## THE INTERNAL MARKET STRATEGY FOR GOODS AND SERVICES

As announced in the Presidency Work Programme, strengthening the Single Market to enhance the competitiveness of industry and related service sectors is one of the main priorities of the Latvian Presidency. At the Competitiveness Council on 2 March 2015 as well as at the informal ministerial meeting in Riga on 27 March 2015 Competitiveness Ministers discussed the upcoming Internal Market Strategy to be presented by the Commission in Autumn 2015. A discussion on the upcoming Single Market Strategy took also place at the IMAC/EPG meeting on 14 April 2015.

Against this background and in close cooperation with the Commission, the HLG Chair, has identified a number of issues that could be prioritised in the Internal Market Strategy for goods and services, and would like to seek the views of delegations at the meeting of the High Level Group on Competitiveness and Growth on 6 May, on the basis of the questions put forward in this note. The exchange of views will be preceded by a general introductory overview by the Commission.

Despite its achievements so far, the Internal Market is still some way from delivering its full potential. Administrative obstacles and sub-optimal enforcement hamper the efficient functioning of the market. Companies often meet barriers when providing services abroad, where they have to undergo lengthy and complex national authorisation procedures. They also have difficulties in accessing information and accomplishing formalities on-line.

All this being said, the Internal Market is also evolving: we see for example the emergence of new business models, the development of the sharing economy or an enhanced link between goods and services. If sufficiently harnessed, these developments could make a key contribution to delivering on the Council's priority of growth, jobs and investment, as well as a deeper and fairer single market.

## **I. Mutual recognition for services and for goods**

In the field of services, some of the hurdles to cross-border establishment faced by service providers such as architects, engineers, and accountants, include a lack of mutual recognition of requirements on for example corporate form and shareholding or professional indemnity insurance. With regard to goods, there also seems to be an insufficient, or problematic, functioning of the principle of mutual recognition for goods in sectors and markets where its application would be economically most advantageous.

### **Question 1:**

*Do you agree that the future Strategy should put a particular emphasis on enhancing mutual recognition for goods and for services?*

## **II. Non-discrimination based on a consumer's place of residence**

In the online market place, retailers can easily determine a consumer's country of residence, either by explicitly asking the consumer to state it, or by deducing it from an IP address, credit card details, or a shipping address. Stemming from this, some online retailers - in breach of Article 20 of the Services Directive - charge different prices depending on the consumer's country of residence. Another form of such discrimination is discrimination related to access, whereby online retailers automatically re-route consumers to a sister website in another Member State. Consumers' trust in the Single Market is undermined when they are discriminated against online on the basis of their country of residence or nationality.

### **Question 2:**

*Is further action needed to bring an end to discrimination of consumers in the Single Market based on their Member State of residence?*

### **III. The sharing economy**

The virtual marketplaces of the sharing economy lower transaction costs and allow for wide participation. Member States react differently to the arrival of the sharing economy, potentially resulting in an uncertain regulatory environment. Imposing existing and often complex B2C rules on these new business models may not be proportionate and may bear the risk of stifling innovation. Most start-up companies in the sharing economy are already US-based, and overly strict regulatory responses in Member States might lead to the EU losing even more ground.

#### **Question 3:**

*In the light of these challenges, would it be useful to develop a common approach at EU level on the sharing economy?*

### **IV. Other measures to reduce fragmentation of the Single Market**

Progress likewise needs to be made on a number of other areas. These could include, *inter alia*:

- Further opening up of regulated professions, through identification of particularly burdensome and diverging regulation of professions across the EU.
- Transparent, efficient and professional public procurement, through application on the ground of the new rules.
- A modern, efficient and better-enforced regulatory framework for Intellectual Property.
- Introduction of common European standards to facilitate the cross-border provision of services.
- A reinforced enforcement and infringement strategy for the Single Market.
- A streamlined information and communication tool to contribute to making the Single Market deliver in practice.

**Question 4:**

*Would you agree that these fields also merit close attention in the future Strategy? Are there other areas that you believe should also be addressed?*

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