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NOTE

From: Presidency
To: Delegations

Subject: Revised draft Council Conclusions on an updated approach for a competitive Single Market

Delegations will find in Annex Presidency revised draft Council Conclusions - An updated approach for a competitive Single Market, with a view to the discussion by the Working Party on Competitiveness and Growth (Internal Market) at its meeting on 29 March 2019.

An updated approach for a competitive Single Market

THE COUNCIL OF THE EUROPEAN UNION

1. RECALLS

- the European Council Conclusions of December 2018, which highlighted the need to press ahead with the Single Market agenda in all its dimensions and develop a forward-looking approach¹;
- the European Council Conclusions of 22 March 2019 that call for an integrated approach connecting all relevant policies and dimensions and in particular that the Single Market should be further deepened and strengthened, with particular emphasis on: i) the development of a service economy and on mainstreaming digital services, ii) removing remaining unjustified barriers and avoiding creating new ones and iii) better implementation and enforcement of the Single Market rules²;
- the European Commission Communication on “The Single Market in a changing world - A unique asset of renewed political commitment” adopted on 22 November 2018³.

2. EMPHASISES the role of the Single Market, in all its dimensions, as a cornerstone of the Union’s global competitiveness and STRESSES that the EU needs a new Agenda for the Single Market which requires a renewed commitment from both Member States and EU institutions. The key objective of the Union should be a forward-looking, efficient and globally competitive Single Market. REITERATES its commitment to a continued deepening of a future-proof Single Market, delivering tangible results to businesses, consumers, workers and citizens, as well as sustainable growth.

¹ Doc EUCO 17/18, paragraph 2.

² Doc. EUCO 1/19, para 2, 3

³ Doc. 14633/18, COM(2018) 772 final

3. UNDERLINES that continued deepening of the Single Market needs to be reframed in such a way that it clearly enables a more holistic approach to the competitiveness of the European economy. RECOGNISES that the renewed approach should bring together, better connect and highlight the interlinkages and complementarities between Single Market policy and other policies, in particular digitalisation and industrial policy. Due consideration should be paid to the differences between economic development and business conditions in Member States. This approach should be in the focus of the Commission services' preparatory actions for the next Commission and among the next Commission's main priorities.
4. NOTES that this holistic and forward-looking approach to policy-making would offer a basis for successful transition towards a digital-driven and sustainable European economy and EMPHASISES a need for an enabling business environment for investment, innovation and entrepreneurship, allowing both small and frontrunner businesses to start-up and scale-up and ensuring a level playing field in which open markets are maintained.
5. HIGHLIGHTS the necessity to seize new opportunities provided by digital transformation and remove remaining unjustified cross-border obstacles in the Single Market. URGES that it is important to prevent any new barriers and the Single Market fragmentation, in the fast changing and continuously developing operational environment. RECALLS that digitisation is borderless by nature and is thus an enabler of more cross-border trade and a more integrated Single Market. The importance of digitalisation is horizontal and should therefore permeate all Single Market policies. A continuous adaption and openness to the digital economy, to digital consumer patterns, innovation and trade is crucial to the Single Market and thus to EU's global competitiveness. Furthermore, digitisation provides with an opportunity to achieve a smarter, more efficient and more sustainable Europe. RECOGNIZES the importance of digital inclusion, digital skills, digital consumer education and awareness, cyber security, enabling infrastructure and e-government.

I. An updated approach for the Single Market in all its dimensions

6. RECOGNIZES that in order to contribute to a future-proof Single Market, the Commission and the Member States should work in close cooperation towards a demand-driven approach in which:
- this renewed approach is based on a thorough analysis of facts and needs in practice and which puts businesses and citizens at the centre of the policy-making process,
 - policy is made and evaluated in-depth as part of a responsive policy-making cycle in order to make policies increasingly effective, thereby making full use of review clauses in legislation and ensuring a proper follow-up of evaluations in all institutions, as well at a political level,
 - implementation, application and enforcement are given full attention in the policy-making process and afterwards by the Commission and Member States, as new policies will only make sense if properly implemented, applied and enforced,
 - a wider, more diverse range of instruments is used in order to work on improving the functioning of the Single Market, without excluding legislation and especially improving the provision of information to businesses and citizens on doing business and working in other Member States.
7. ACKNOWLEDGES the need to further mainstream the services sectors, especially digital services and data economy as an integral part of the Single Market having regard to potential positive spill-over effects to related sectors, including the production sector and the increasing servitisation of industry value chains.

8. STRESSES the importance of investment in further developing the Single Market and supporting its good functioning. WELCOMES in this regard a number of programmes proposed in the 2021-2027 MFF Framework, such as Horizon Europe, the Single Market Programme, the InvestEU and the Digital Europe Programmes. RECOGNISES their substantive potential to strengthen the competitiveness of the Single Market by supporting investment in sustainable infrastructure; research, innovation and digitisation, small and medium-sized businesses, and job creation, as well as by enhancing administrative cooperation, enforcement activities, and access of citizens and businesses to information and capacity building.

I.a. Putting the businesses and citizens at the centre of making Single Market policy

9. CONSIDERS that businesses and citizens – as well as their experiences – need to be in the centre of the policy-making process. CALLS ON the Commission, Member States and European Parliament to work on a joint approach to policy-making based on facts and needs. This involves understanding entrepreneurs’ and citizens’ experiences and needs through undertaking in-depth research focused on ambitions and obstacles by (sub) sector and/or by cross-border/regional area. This renewed approach should lead to tailor-made solutions based on facts and needs through research, by mobilising different instruments, both legislative and non-legislative and better information on applicable legislation, including targeted harmonisation instruments, the appropriate application of the mutual recognition principle and removing unnecessary regulatory burdens. Furthermore, continuous research (instead of only a one-off exercise at the start) is needed to update and further develop solutions.

I.b. Strengthening implementation, application and enforcement in the Single Market

10. STRESSES that the proper transparent and uniform implementation, application and enforcement of the EU legislation, in particular in (sub) sectors with greatest barriers experienced / large economic relevance, both at the Union and national, regional and local level, must be strengthened in order to increase the trust of companies and citizens that their rights based on the Single Market rules and freedoms are fulfilled in practice. CONSIDERS that more transparency on the Commission policy regarding the implementation, application and enforcement in the Single Market is needed. UNDERLINES the need for improving the present cooperation among authorities in Member States with support from the Commission in order to ensure a uniform application and enforcement of present EU legislation and the need for mapping of lack of networks and mutual access among competent authorities.
11. EMPHASISES the need to put regularly at the agenda of the Council the state of implementation, application and enforcement, based on authoritative data, thereby strengthening political ownership of the Member States and appropriate follow-up and peer-support amongst Members States.
12. RECALLS the need for joint action by the Commission and the Member States for better governance, including implementation and application, in order to make current rules and instruments work in practice and improve where necessary, such as the Points of Single Contact, the Single Digital Gateway, SOLVIT, IMI and the notification procedure.

13. HIGHLIGHTS the unique role of SOLVIT in helping the citizens and businesses movements across the EU and in solving problems they encountered, thus contributing to compliance with EU law and a better functioning of the Single Market on the ground. CALLS for the reinforcement of SOLVIT, ensuring that Member States and the Commission provide adequate support for its effective operation, by improving the administrative capacity at SOLVIT centres, raising awareness of SOLVIT as a problem-solving tool and strengthening its role in EU law enforcement by making better use SOLVIT-data.
14. RECOMMENDS the Commission and Member States to improve the provision of information to businesses and citizens on doing businesses and working in other Member States, for instance by offering platforms for exchanging best practices and facilitating initiatives of private actors, such as business associations and professional organisations.

II. A call for action

15. RECALLS the responsibility of the co-legislators and the Commission to apply the Better Regulation principles, in order to ensure an agile regulatory framework. STRESSES that digital by-default and future-proof regulation is a precondition for a well-functioning Single Market, which promotes innovation, new technologies and business models and enables more efficient and user-friendly digital public services that reduce unnecessary burdens. CALLS ON all parties concerned to strengthen a more principle-, evidence-based and market-driven approach in policy making and setting new rules, while both Member States and the Commission focus on implementation and enforcement in the next coming years. An evaluation of the overall regulatory framework set by the Single Market Strategy and the Digital Single Market Strategy should be the outset for new proposals.

16. CALLS ON the Commission, with equal importance, to take the following actions:

- to present **an annual report on the current state of the Single Market integration**, as called for by the **European Council** of March 2018 and involving the Member States which should translate into a comprehensive and operational analysis as regards the functioning of the Single Market including the implementation, application and evaluation of regulations and directives and existing instruments; also it should deepen the evidence by taking into account the perspective of businesses, in particular SMEs and start-ups, and of consumers and should include barriers stemming from other related policies aiming at strengthening the coherence between the Single Market Policy and other policies;
- to start working together with the Member States on a **joint research agenda on the Single Market**, which should be drafted and executed by the Commission and Member States whose involvement is ensured via the Council or an Expert Group, and to give a follow-up to the research and analysis by setting up a **joint action agenda** to deliver tangible results. CALLS ON the Commission, in order to present these agendas:
 - expand its range of instruments and facilitate solutions by bringing parties together, stimulating bottom-up solutions, and providing support to identify solutions adapted to each specific difficulty encountered by the businesses;
 - consider options to institutionalize this expanded range of instruments e.g. through a team which works on pragmatic and flexible solutions based on practical needs of specific sectors or regions.
 - prioritize specific actions for (sub)sectors with greatest barriers experienced / large economic relevance;

- support pilot projects with the participation of the Member States to jointly work out scalable solutions to specific cross-border problems in particular cross-border user stories,
- ensure that the joint research agenda aims for in-depth and joint research, not just at a macro-economic level, but also on the situation ‘on the ground’ which focuses on inter alia needs and economic trends in specific (sub)sectors; qualitative input from businesses, e.g. via customer journeys; opportunities for cross-border cooperation, value chains, especially interlinkages within value chains, their geographic aspects and opportunities for sustainability; collecting micro-data and matching these sets among Member States, and data on the different modes of supply in services;
- to pay a special attention to the start-ups needs and to engage with all actors in the start-up ecosystem in order to understand its specific and to identify proper measures which can support the start-ups' ability to start and scale their businesses,
- start drafting and executing with Member States together both agendas within one year after the Commission takes office and in cooperation with the European Parliament.

17. CALLS ON the Commission, in working on better implementation, application and enforcement of existing instruments:

- to ensure proper implementation of the Single Digital Gateway by establishing effective coordination mechanisms between Member States, the mechanism for the monitoring of the quality of the information, procedures and assistance services to which the gateway links and the measures to address the quality issues;
- to establish regulatory sandboxes for the regulations that may have impact on the functioning of the Single Market in a digital environment, in particular for the projects related to the use of the Artificial Intelligence;

- to work together with the Member States on promoting a strategic, sustainable and innovative approach to procurement, through the implementation of the existing public procurement framework, while ensuring a well-functioning and efficient procurement market across the EU. UNDERLINES the need to focus, inter alia, on the professionalization of public buyers, to embrace on fostering the opportunities provided by digitalization -such as eProcurement tools and, standardisation for interoperability-, as well as enhancing cross-border procurement and access for start-ups;
- to work together with the Member States and all actors involved to increase transparency and inclusiveness of the European standardisation system, to improve and speed-up the process for development and adoption of European standards, in order to be better adapted to the need in developing state-of-the art technical solutions, also in international context, and use its best endeavours to eliminate the remaining backlog of harmonised standards that are not yet published in the Official Journal of the European Union.

18. RECOGNISES the progress made in the area of goods through the adoption of the proposals of the Goods Package and CALLS on the Member States for a vigorous application of the new regulations on mutual recognition and market surveillance to enhance consumer and business confidence in the Single Market. EMPHASISES that the Commission and the Member States need to continue strengthening the Single Market by tackling remaining obstacles to the free movement of goods, making the principle of mutual recognition more operational and improving the market surveillance.

19. CALLS ON the Commission to adopt **an action plan on governance for better implementation and enforcement**, including increasing transparency and political ownership by e.g. improving the Single Market Scoreboard of wider yearly state of play, by improving the cooperation among authorities of Member States, by strengthening and improving instruments for assisting Member States in the implementation, application and enforcement of Single Market legislation and instruments. INVITES the Commission to present its first draft action plan for a debate in the **European Council** of March 2020 and its final action plan in December 2020.
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