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European Union

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NOTE

From: Presidency
To: Delegations

Subject: Revised draft Council Conclusions "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 8 April 2019.

An updated approach to 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 calls 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 2018;
- the 2030 Agenda for Sustainable Development Goals, adopted by the United Nations General Assembly.

2. STRESSES that the EU needs a new Agenda for a globally competitive Single Market, addressing the current and emerging global, technological, security and sustainability challenges and which requires a renewed commitment from both Member States and EU institutions. An integrated and forward-looking approach to policy-making would offer a basis for successful transition towards a digital-driven efficient, coherent, geographically balanced and sustainable Europe, in economic, environmental and social terms.

EMPHASISES a need for an enabling business environment for investment, innovation and entrepreneurship, allowing businesses, regardless of their business model, to start-up and scale-up and ensuring a global level playing field in which open markets are maintained.

¹ Doc EUCO 17/18, paragraph 2.

² Doc. EUCO 1/19, para 2, 3

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

3. UNDERLINES that continued deepening of the Single Market needs to be reframed in such a way that it clearly enables an integrated approach to the competitiveness of the European economy by mainstreaming the free movement of goods and services across all relevant policy areas. RECOGNISES that the integrated approach should highlight the synergies between the policy for Single Market, including its digital and industrial dimensions, and other policies. NOTES the importance of prioritise actions to support those industrial sectors that can better perform in terms of economic growth and achievement of sustainable development objectives. Due consideration should be paid to the differences between economic development and business conditions in Member States and to ensure cohesion.
4. HIGHLIGHTS the necessity to further remove remaining unjustified cross-border regulatory or non-regulatory obstacles in the Single Market and to provide legal certainty through clear and consistent rules. URGES that it is important to prevent any new barriers and Single Market fragmentation, in the fast changing and continuously developing operational environment.
5. RECALLS that digitization is borderless by nature and is thus an enabler of more cross-border trade and a more integrated Single Market. The importance of digitalization is horizontal and should therefore permeate all policies. 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. RECOGNIZES the importance of digital inclusion, digital skills, digital consumer education and awareness, cyber security, enabling infrastructure and e-government.
6. ACKNOWLEDGES the need to better take into account the needs of the services sectors, especially digital services and data economy, having regard to potential positive spill-over effects to related sectors, the increasing interdependence of services and industry in creating added value within the global value chains. UNDERLINES that a more competitive service economy will provide a solid basis for our industries and businesses when tackling the fast technological disruption.

7. STRESSES the importance a strong EU internal demand, and especially adequate 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 Connecting Europe Facility, the InvestEU and the Digital Europe Programmes. RECOGNISES their substantive potential to strengthen the competitiveness of the Single Market.

Ia. Putting the businesses and citizens at the center of making Single Market policy

8. CONSIDERS that businesses and citizens – as well as their experiences – need to be in the center of the policy-making process. A particular regard should be paid to improving the business environment for SMEs, including start-ups. RECOGNIZES that in order to contribute to a future-proof Single Market, the Commission, Member States and European Parliament should work in close cooperation towards a demand-driven approach, which is based on a thorough analysis of 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 identified through research, by mobilizing different instruments, both legislative and non-legislative and better information on applicable legislation, including targeted harmonisation instruments, the mutual recognition principle, as well as removing unjustified regulatory and non-regulatory burdens. Furthermore, continuous research is needed to update and further develop solutions.

Ib. Strengthening implementation, application and enforcement in the Single Market

9. STRESSES that the proper transparent and effective 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.

10. 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 Member States. 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 them, where necessary.
11. 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 and law-making process by using SOLVIT-data.

II. A call for action

12. RECALLS the responsibility of the co-legislators and the Commission to apply the Better Regulation principles, including “think small first” and innovation principle, in order to ensure an agile regulatory framework and to make sure that the quality of legislation is ensured throughout the legislative process. UNDERLINES the importance of concrete targets for the reduction of unnecessary regulatory burdens, whilst respecting existing protection standards and without undermining the underlying objectives of the legislation and using, where appropriate, the most effective regulatory tools, including harmonisation and mutual recognition. 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, which should be all “digital-proof” tested. CALLS ON the Commission to renew the mandate of the REFIT Platform.

13. CALLS ON the Commission, with equal importance, to take the following actions:
- to complete, by **March 2020, the assessment of the remaining barriers to the Single Market for services**, building on the Commission’s November 2018 report, taking the perspective of businesses and consumers and focusing on the most relevant areas and cross-border issues.
 - 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 and scale-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 & Action Agenda for the Single Market**, within one year after the Commission takes office. In this regard, the Commission is invited to :
 - 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;

- expand its range of instruments and facilitate solutions by bringing parties together, stimulating a bottom-up approach and providing support to identify solutions adapted to each specific difficulty encountered by the businesses and also pragmatic and flexible solutions based on the needs of specific sectors or regions;
- prioritize specific actions for (sub)sectors with greatest barriers experienced / large economic relevance,
- to pay a special attention to the start-ups needs and to engage with all actors in the startup ecosystem in order to understand its specific and to identify proper measures which can support the startups' ability to start and scale their businesses.

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

- to strengthen the information tools providing easier access for businesses to tailor-made information regarding rules governing the Single Market, given the regulatory complexity;
- 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, standardization for interoperability-, as well as enhancing cross-border procurement and access for SMEs and startups;

- to work together with the Member States and all actors involved to increase transparency and inclusiveness of the European standardisation system, to improve 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 harmonized standards that are not yet published in the Official Journal of the European Union.
 - to ensure transparency of its' actions with the aim to improve the quality of legislative proposals and to raise awareness of all stakeholders regarding planned initiatives .
15. 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.
16. 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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