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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Draft Council conclusions on “A Single Market for the benefit of all” - <i>Approval</i>

1. In June 2023, the **European Council**, recalling its conclusions of March 2023 for an ambitious action to complete the Single Market and advancing work in key areas¹, called for an independent High-Level Report on the future of the Single Market and invited the incoming presidencies of the Council and the Commission to take this work forward, in consultation with the Member States². Following that call, the Spanish Presidency, the incoming Belgian Presidency and the Commission designated Enrico Letta, former Italian Prime Minister and President of the Jacques Delors Institute, to prepare the report and propose concrete and forward-looking recommendations.
2. A few months later, on 13 September 2023, the President of the Commission Ursula von der Leyen, during her State of the Union speech, announced that she had asked Mario Draghi, former Italian Prime Minister and former President of the European Central Bank, to prepare a report on the future of European competitiveness³.

¹ <https://data.consilium.europa.eu/doc/document/ST-4-2023-INIT/en/pdf>

² <https://data.consilium.europa.eu/doc/document/ST-7-2023-INIT/en/pdf>

³ https://ec.europa.eu/commission/presscorner/detail/en/speech_23_4426

3. In April 2024, the Special European Council called for work to be taken forward decisively and swiftly to implement a new European competitiveness deal on key competitiveness drivers with a new horizontal strategy for a modernised Single Market to be developed by June 2025 with a special focus on addressing challenges affecting the competitiveness of businesses. Moreover, during the session of the Special European Council on 18 April, Mr Letta, after months of intense consultations with several stakeholders both at EU and national level, presented his report titled ‘Much More Than A Market’⁴ to the leaders who welcomed his presentation and invited the current and future Council Presidencies to take work forward on the recommendations therein by the end of the year⁵.
4. Building upon this momentum regarding the Single Market and in preparation for the new legislature following the European elections in June, the Belgian Presidency initiated the drafting of Council conclusions on the future of the Single Market with a view to possible approval at the upcoming Competitiveness Council on 24 May 2024.
5. On 19 April 2024, the Presidency submitted to the delegations a draft of Council conclusions titled ‘A Single Market for the benefit of all’ which was examined (and accordingly revised) at the Working Party on Competitiveness and Growth (Internal Market) on 22 April 2024, 30 April 2024, and 7 May 2024 as well as at the Permanent Representatives Committee meeting on 15 May 2024.
6. The Competitiveness Council is invited to approve the draft Council conclusions as set out in the Annex to this Note.

⁴ <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

⁵ <https://data.consilium.europa.eu/doc/document/ST-12-2024-INIT/en/pdf>

DRAFT COUNCIL CONCLUSIONS ON

“A Single Market for the benefit of all”

THE COUNCIL OF THE EUROPEAN UNION:

RECALLING:

- the European Council conclusions of 23 March 2023⁶, calling for ambitious action to complete the Single Market;
- the European Council conclusions of 29 and 30 June 2023⁷, calling for an independent High-Level Report on the future of the Single Market and inviting the incoming Presidencies of the Council and the Commission to take this work forward, in consultation with the Member States;
- the Special European Council conclusions of 17 and 18 April 2024 on a new competitiveness deal, in particular the call for a new horizontal Single Market Strategy by June 2025⁸;
- the European Economic and Social Committee’s explanatory opinion “New European strategy for the Internal Market”⁹, adopted in its plenary session held the 17 and 18 January 2024;

⁶ EUCO 4/23

⁷ EUCO 7/23

⁸ EUCO 12/24

⁹ INT/1043 – EESC-2023-03693-00-00-AC-TRA (EN)

- the Commission communication on “The 2024 Annual Single Market and Competitiveness Report”¹⁰, tracking the outcomes of the nine drivers presented in the Commission Communication “Long-term competitiveness of the EU: looking beyond 2030”¹¹ and working towards the objectives set there and in the Commission Communication “Single Market at 30”¹²;

I. The need for a new horizontal Strategy for the Single Market

1. HIGHLIGHTS the central role of the Single Market as a driving force of European integration, sustainable and inclusive growth as well as the Union’s global strength; In this regard, UNDERLINES the need for a fully functioning Single Market as an essential prerequisite for long-term competitiveness and prosperity, to achieve the fair green and digital transitions, ensuring a level playing field that leaves no one behind; STRESSES the need to include concrete steps towards further integration, removing unjustified or disproportionate barriers – especially for services – and preventing restrictions to free movement in a new horizontal Single Market strategy; HIGHLIGHTS that a fully functioning Single Market must be based on the principle of subsidiarity and proportionality;
2. REITERATES that to maintain the Union’s economic security, resilience and competitiveness, more work is needed to revitalise the Union’s social market economy and its industrial base, further enhance the Union’s connectivity and strengthen the resilience of its supply chains, as well as to boost its technological leadership and attractiveness as a business location and a labour market, where SMEs can innovate, scale up and prosper; EMPHASISES that a strategic geopolitical vision must be given to the Single Market to guarantee the achievement of these goals, its strategic autonomy, while preserving an open economy, and attaining climate neutrality;

¹⁰ ST 6622/24

¹¹ ST 7604/23

¹² ST 7278/23

3. STRESSES that further integrating the Single Market will enable the Union to stay at the forefront when it comes to the protection of the environment and respect for human rights; HIGHLIGHTS that environmental inaction and climate risks will have adverse impacts on the Single Market; and UNDERLINES the essential role that the Single Market, building on the European Green Deal, can play in reaping the combined benefits of sustainability and competitiveness;
4. UNDERLINES the key role of cohesion policy to stimulate long-term sustainable growth and promote upward economic, territorial and social cohesion and convergence; EMPHASISES that a robust Single Market goes hand in hand with the cohesion policy which reduces social and regional disparities, allowing all regions, citizens, consumers and businesses, in particular SMEs, to take advantage from the Single Market;
5. REAFFIRMS the importance of preparing the Single Market for future enlargement processes, as part of the broader concept of gradual integration;
6. RECALLS that the Single Market must deliver inclusive solutions, and RECOGNISES the importance of access to high quality and affordable services of general interest, in particular in the case of market failure, and attention to outermost, insular and less well-connected or developed regions, in order to strengthen the trust of citizens, workers, consumers, and businesses in the Single Market; in this regard, UNDERSCORES the importance of investments in and access to these services;
7. WELCOMES the momentum created by the independent High-Level Report on “Much more than a Market” by Enrico Letta¹³ that will contribute to discussions on the priorities of the next legislative cycle (2024-2029) and LOOKS FORWARD to the forthcoming report on Europe’s competitiveness by Mario Draghi;

¹³ <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

II. Working towards a coherent, efficient and future-proof regulatory framework

8. HIGHLIGHTS the need for urgent and ambitious simplification of Union's regulatory framework ("choc de simplification"), in order to guarantee a true level playing field, ensure a business-friendly environment and foster investments and competition as well as research and innovation, whilst enhancing the Union's environmental and social standards, including consumer protection;

Harnessing the opportunities of the current system

9. CALLS ON the Commission and the Member States to further strengthen the free movement of goods and services across the Single Market through harmonisation and mutual recognition;
10. CALLS on the Commission and Member States to remove and prevent unnecessary administrative obligations, including continuing the Commission initiative to reduce reporting requirements by at least 25 %, in particular for SMEs, whilst ensuring that simplification and reduction options would not fragment the Single Market or compromise the Union's policy goals and environmental and social standards;
11. STRESSES that an effective regulatory framework depends on correct and timely implementation and enforcement; Bearing this in mind, CALLS on the Commission and Member States to streamline, reinforce and exploit the full potential of all existing policy and enforcement tools; UNDERLINES the importance to ensure that structural barriers identified by the SOLVIT network and SMET are followed up more efficiently; CALLS UPON the Commission and the Member States to focus their efforts on the enforcement of existing legislation, including preventing and addressing unnecessary regulation; and HIGHLIGHTS the need for achievable goals and pragmatic implementation deadlines for new legislative acts;
12. ENCOURAGES the Commission to maintain its continuous monitoring of the state of the Single Market and competitiveness through the annual policy cycle and highlight persistent issues that would need to be addressed; SUGGESTS including long-term goals and performances in the Annual Single Market and Competitiveness Report;

Paving the way for better regulation

13. STRESSES the need for relevant legislative initiatives as well as implementing and delegated acts which are expected to have a significant impact, to be accompanied by a timely, consistent and ex-ante high-quality impact assessment that fulfils all the applicable tests; and CALLS ON the Commission to respect the following elements:
- (i) Ensuring, in an integrated and pragmatic manner, synergies of impact assessment checks, in particular economic, social and environmental tests, including on imported products, the competitiveness check and the SME test, with a special focus on the regional, territorial and local dimension, including for the outermost or less developed regions;
 - (ii) Systematically considering the cumulative impacts of new obligations, including at Member States level, as well as avoiding regulatory duplication or inconsistent provisions, notably at sectoral level, whilst preserving and enhancing the Union's environmental and social standards including consumer protection;
 - (iii) Considering dynamic impact assessments and checks that clarify and allow to measure as far as possible the impact of policy options;
 - (iv) For imported goods, assessing, where appropriate, the health, environmental and human rights standards applicable in third countries, in line with the Union's international commitments and WTO requirements;
14. RECALLS the crucial contribution of early and adequate consultation of social partners, civil society and stakeholders in the context of the Commission's initiatives, respecting the once-only collection of key information principle; STRESSES the need for qualitative calls for evidence;
15. UNDERLINES that Single Market measures should be based on facts and needs from businesses, workers and citizens and lead to concrete actions to remove and prevent unjustified or disproportionate barriers, including to further address technical barriers to trade within the Single Market; WELCOMES the valuable input given by stakeholders on concrete barriers they experience in practice and CALLS UPON the Commission to thoroughly analyse this input for the new strategy;

16. HIGHLIGHTS that experimentation clauses and regulatory sandboxes are useful instruments for an innovation-friendly, evidence-based and resilient regulatory framework which can stimulate competitiveness; UNDERLINES that the experimentation clauses and regulatory sandboxes need to respect, notably, the precautionary principle and to contribute positively to Single Market integration;

Building on the Single Market's principles

17. HIGHLIGHTS the need to guarantee framework conditions that enable SMEs to innovate, scale-up and prosper as well as to ensure a business-friendly environment that allows businesses and especially SMEs to fully benefit from the opportunities of the Single Market, including by fostering the “Think Small First” principle, particularly when designing new legislation and evaluating existing legislation, and the “Once Only” principle, when collecting information; UNDERLINES that high inflation has an impact on the SMEs threshold that needs to be addressed;
18. STRESSES the importance of the use of the digital tools, by systematising the “digital by default” approach; and RECOGNISES the potential of digitalisation of processes in simplifying compliance, such as in the area of the recognition of professional qualifications and cross-border services provision; With this in mind, CALLS ON the Member States to enhance their implementation of the Single Digital Gateway and their participation to the upcoming European Digital Identity Wallet;
19. CALLS ON the Commission to effectively address unfair commercial practices, such as dual quality of foodstuffs, and cross-border market-distorting business-to-business activities, to benefit consumers and companies; CALLS for ensuring that consumers are effectively protected and empowered to actively contribute to the fair green and digital transitions;

III. Enhancing the Single Market's potential benefits

Investing in the fair green and digital transitions

20. While ensuring a level playing field within the Single Market and promoting it globally, UNDERLINES the need for mobilising a combination of both private and public financing, including by further strengthening Union's capital markets, to support the fair green and digital transitions and to stimulate the growth potential of European businesses, and that the Union's budget and the EIB group continue to play an important role; STRESSES the urgency to boost the Union's global competitiveness and attractiveness;
21. INVITES the Commission to undertake an in-depth analysis of the existing public procurement legislative framework towards resilient and sustainable public procurement and effective competition, while promoting the fair treatment of European suppliers;

Delivering on cross-border services and fostering high-quality jobs

22. STRESSES that significant untapped opportunities lie in the area of services; and UNDERLINES the need to remove fragmentation, and to simplify the rules for cross-border provision of services, not limited to the scope of the Services Directive, to achieve the full opportunities of the services sector, while ensuring workers' rights, by:
- (i) focusing on horizontal and economically significant services, especially in professional and business services, in light of servitisation;
 - (ii) providing concrete actions with tangible steps to tackle barriers with regard to services in all ecosystems and relevant sectors;
23. STRESSES the valuable contribution of the social economy to strengthen the Single Market in making the fair green and digital transitions more inclusive and rooting them in local communities;
24. UNDERLINES the importance of combining sustainable growth and competitiveness with fair working conditions, social progress, and equal opportunities in line with the European Pillar of Social Rights;

25. REITERATES the importance of the availability, development and retention of highly skilled workforce to further enhance the functioning of the Single Market and to prevent labour shortages; therefore, CALLS UPON the Commission and the Member States to ensure access to quality and inclusive education, training, reskilling and upskilling and lifelong learning for all, to promote high quality jobs and improve working conditions, while ensuring fair and effective professional mobility and recognition of professional qualifications in the Union; STRESSES the need to foster reinforced collective bargaining and social dialogue and the role of social partners to ensure a flexible and inclusive adaptation to the upcoming changes in the European labour market, such as demographic changes;
26. UNDERLINES the need to embed research, innovation and education at the core of the Single Market while respecting Member States competences, bolstering more effective knowledge valorisation, societal impact and market uptake by leveraging investments in research and innovation;

Fostering resilient supply chains within the Union and globally

27. EMPHASISES the potential of increased free movement of materials, products and services created by enhancing the Union's circular economy, in particular addressing relevant bottlenecks in the recycling industry; in that regard, CALLS for ensuring, in line with WTO rules, a true level playing field where products imported into the Single Market meet adequate standards for humans, plants, animals and the environment, and through an effective implementation and enforcement of relevant legislation, such as the Ecodesign Regulation;
28. UNDERLINES that a prosperous and climate-neutral Union needs a competitive industry with a strong manufacturing base, which is anchored in a fully functioning Single Market, while maintaining a true level playing field; and CALLS for a comprehensive, future-oriented and proactive European industrial policy framework, to help build Europe's green, digital and resilient future;
29. HIGHLIGHTS that monitoring, anticipating and mitigating supply chain risks, addressing strategic dependencies and ensuring economic security, is vital for the Union;

30. EMPHASISES the importance of pursuing an ambitious, robust, open and sustainable trade policy that allows fair trade agreements, opens third-country markets to European businesses, defends the Union's interests, allows resilient and reliable supply chains to develop and guarantees a true level playing field and creates reciprocal market access opportunities; UNDERLINES the need to strengthen the multilateral, open and rules-based trading system with the WTO at its core;
31. HIGHLIGHTS the need to further develop the Union's strategic approach to international standardisation¹⁴ to position the Union as a global frontrunner in standard-setting, whilst supporting leadership in key technologies, particularly in the context of the fair green and digital transitions; To promote the development of standards that ensure future market-based and practical solutions based on the New Legislative Framework, CALLS UPON the Commission to:
- (i) monitor the developments and improve the functioning of the European Standardisation System, including timely citations of harmonised standards in the Official Journal of the EU;
 - (ii) promote a more active participation of notified bodies and European standardisation organisations as well as stakeholders influencing international standards, in particular European businesses, including SMEs;
 - (iii) support the European business community, including SMEs, in the coordinated development of high-quality standards at international level, in compliance with WTO principles.

¹⁴ COM 2022/31 final

IV. Call for joint action

32. CALLS ON the Commission, the Council and the Member States to follow-up on these Council Conclusions towards a constant improvement and integration of the Single Market through the annual policy cycle for the Single Market and competitiveness; INVITES the Commission to base itself on an improved Annual Single Market and Competitiveness Report which reflects practices and challenges of businesses and citizens;
33. CALLS ON the Commission to adopt a new horizontal Strategy for a modernised Single Market by June 2025 with the aim to reduce fragmentation and complete the Single Market across policy areas, including a roadmap with clear timelines and milestones for urgent and concrete actions across all policy areas, based on facts and needs from businesses, social partners, stakeholders and citizens, focusing on redundant, incoherent or burdensome rules;
34. INVITES the Commission to develop technical and factual analyses of the recommendations in the High-Level Report across all relevant policy areas and invites the Member States and the Commission to examine these in-depth and identify key recommendations; The current and future Council Presidencies will take work forward on the identified recommendations on the basis of these analyses, with a view to creating an area without internal borders in which the free movement of goods, persons, services and capital is ensured for the benefit of all;
35. INVITES the incoming Council Presidencies to ensure the follow-up of these Conclusions in close coordination with the relevant working groups.