



**Brussels, 11 September 2020
(OR. en)**

10698/20

**MI 324
COMPET 397**

'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

No. prev. doc.: 10066/20

Subject: Conclusions on a deepened Single Market for a strong recovery and a competitive, sustainable Europe

1. On 10 March 2020, the Commission published two communications on the Long Term Action Plan for Better Implementation and Enforcement of Single Market Rules¹ and on Identifying and Addressing Barriers to the Single Market².
2. On 1 July 2020, the Presidency presented draft Council conclusions on a Deepened Single Market for a Strong Recovery and a Competitive, Sustainable Europe which were examined by the Working Party on Competitiveness and Growth (Internal Market) on that date and on 7, 14 and 22 July 2020. The discussions in the Working Party contributed to solve all outstanding issues and resulted in wide support of the text as set out in the Annex to this note.

¹ ST 6778/20

² ST 6779/20 + ADD 1

3. The Committee of Permanent Representatives is therefore invited to endorse the draft conclusions as set out in the Annex to this note and submit them to the Council with a view to their adoption as an 'A' item at one of its forthcoming meetings.
-

A Deepened Single Market for a Strong Recovery and a Competitive, Sustainable Europe

THE COUNCIL OF THE EUROPEAN UNION

1. RECALLS

- the European Council conclusions of 21 July 2020³ that highlighted that the COVID-19 crisis requires an unprecedented effort and an innovative approach, fostering convergence, resilience and transformation in the European Union;
- the European Council conclusions of 20 June 2019⁴ with the new Strategic Agenda 2019-2024 that called for a more integrated approach connecting all relevant policies and dimensions and with regard to the Single Market in all its dimensions (aspects) for a long-term strategy that is bold, all-encompassing and forward-looking;
- the Joint Ministerial Statement of EU Ministers responsible for Industry and the Internal Market of 12 June 2020⁵, which highlighted the continued relevance of the “March 2020 package” that set out a new industrial strategy, an SME strategy, an action plan for Single Market enforcement⁶, an analysis of remaining barriers to the Single Market⁷ and a new circular economy action plan, and also highlighted the importance of the “Recovery Plan for Europe”;
- its conclusions of 27 May 2019⁸ on “A new level of ambition for a competitive Single Market,” which further highlighted the need for the deepening of the Single Market to provide the basis for a successful transition towards a digital-driven efficient, coherent, balanced and sustainable Europe;

³ EUCO 10/20

⁴ EUCO 9/19

⁵ Press release 385/20

⁶ 6778/20

⁷ 6779/20

⁸ 9743/19

- the **European Council** Conclusions of 22 March 2019⁹ that called for an integrated approach connecting all relevant policies and dimensions to achieve a strong economic base and, in particular, that the Single Market should be further deepened and strengthened, with particular emphasis on the development of a service economy and on mainstreaming digital services, removing remaining unjustified barriers, and avoiding creating new ones, and for further deepening of the Capital Markets Union and the Energy Union, and ensuring fair and effective taxation;

A crucial moment to strengthen and deepen the Single Market

2. EMPHASISES that a strong, fair, inclusive and resilient Single Market based on clear and respected rules is the economic cornerstone of the European integration and the key driver for the EU's competitiveness, growth and job creation, and fundamental for the unity of the EU as well as for Europe's role on the global stage;
3. ACKNOWLEDGES that the economic downturn worldwide and in the EU caused by the COVID-19 crisis has had a severe impact on the majority of businesses in the EU, especially SMEs and start-ups, many of which face an existential threat; STRESSES the goal of weathering this crisis together, achieving a sustainable recovery for the EU and a coming out of the crisis stronger than before; EMPHASISES that, in this respect, solidarity and common efforts are necessary for a fast recovery by not only providing swift and targeted financial help to the most affected businesses but also by lifting burdens, reducing bureaucracy and barriers, and improving the businesses' framework conditions, including those in the service sector;

⁹ **EUCO** 1/19

4. STRESSES the importance of both the green and digital transitions as drivers for European recovery and growth; EMPHASISES the opportunities outlined in the European Green Deal¹⁰ and the new European Digital Strategy¹¹ to transform the EU into a sustainable, climate-neutral, circular, and digital economy; ACKNOWLEDGES the need to ensure a transition that is just, sustainable, fair and socially balanced, and takes account of the Member States' national circumstances in order to ensure that no one is left behind;
5. NOTES that the present challenges have to be met in an increasingly difficult international environment; therefore; UNDERLINES the importance of strengthening the EU's economic and social resilience, while upholding the principles of an open economy including free, fair and sustainable trade and strategic autonomy across key technologies, value chains, and the most sensitive industrial ecosystems;
6. EMPHASISES that an integrated approach to strengthening and deepening the Single Market is crucial for overall competitiveness, a strong recovery and the success of the green and digital transitions; STRESSES that the Single Market is a common public good that can only play its role as a collective strategic resource of the EU if fragmentation and barriers to the Single Market are removed; HIGHLIGHTS the importance of using the most effective regulatory and non-regulatory tools, and particularly harmonisation and mutual recognition, to strengthen and deepen the Single Market;
7. STRONGLY EMPHASISES that now is a crucial moment to draw lessons from the COVID-19 crisis, to address existing shortcomings in the Single Market, including related legislation, and to give a new impetus to support the recovery and long-term competitiveness of our businesses, notably SMEs; STRESSES, therefore, the need for immediate action with concrete operational targets and ambitious and realistic timelines as highlighted below, and UNDERLINES its determination to strengthen the Single Market and guarantee a level playing field in line with the following priorities;

¹⁰ 15015/19 and 12256/16 ADD1

¹¹ 6237/20, 6266/20, 6250/20, 6263/20, and 8711/20.

Governance of the Single Market

8. ACKNOWLEDGES that the Single Market has been under considerable strain during the COVID-19 crisis and that restrictions with a strong impact on the Single Market have been introduced by Member States; UNDERLINES the need to make sure that the temporary measures implemented because of the crisis do not lead to permanent distortions in the Single Market;
9. RECALLS that the Single Market rests upon the “four freedoms”, operating in accordance with the rules and principles enshrined in the Treaties; therefore, CALLS on Member States to remove remaining temporary restrictions introduced in relation to the COVID-19 crisis as fast as possible; URGES the EU institutions and especially the Commission to restore and safeguard the full integrity of the Single Market, ensure proportionality and non-discrimination of EU citizens and companies and if necessary to take further quick and decisive actions to ensure the responsible and coordinated lifting of such restrictions; STRESSES that restoring the Single Market to its state before the COVID-19 crisis will not be enough, and that the Single Market needs further improvement and deepening, particularly in order to support the recovery of the European economy;
10. STRESSES the need to improve the governance of the Single Market in order to make it more resilient and to prevent restrictions to the Single Market, including in the event of possible future crises; UNDERLINES the importance of strengthening ecosystems and investing, in particular, in strategic value chains and key technologies in the EU, and securing their cross-border functioning, especially under the conditions of a crisis and in general; therefore, EMPHASISES that it is important to make full use of existing procedures for provision of information, coordination and cooperation between Member States and the Commission;

Implementation and Enforcement of Single Market rules

11. WELCOMES the long-term action plan for better implementation and enforcement of Single Market rules presented by the Commission on 10 March 2020¹²; STRESSES the importance of awareness-raising, capacity-building and facilitating cooperation between public authorities in different Member States as practical measures to improve the prevention of regulatory barriers and the implementation and enforcement of Single Market rules;
12. EMPHASISES that a proper enforcement and compliance with Single Market rules are crucial for strengthening consumer trust and confidence, as well as for creating a level playing field between all businesses, with a particular focus on the market surveillance framework, the safety of products and mutual recognition¹³;
13. WELCOMES the setting up of the Single Market Enforcement Task-Force (SMET), composed of Member States and the Commission; HIGHLIGHTS that, based on a strong mandate, its work should be goal-oriented, clearly defined, respect the competences and responsibilities of the Member States and the Commission and be distinct from the role and mandates of other bodies dealing with Single Market issues; CONSIDERS that SMET should focus on the implementation, application and enforcement of Single Market rules as well as the prevention of new restrictions; SUGGESTS that SMET is used as a high-level body, which should be complemented by work on a technical level; EMPHASISES that SMET should identify and prioritise the most pressing existing barriers and pursue concrete actions to address and eliminate them;

¹² 6778/20.

¹³ Regulation 2019/1020 on market surveillance and compliance, Regulation 2019/515 on mutual recognition, and Directive 2001/95 on general product safety.

14. HIGHLIGHTS the importance of the SOLVIT network and its database in identifying the most pressing obstacles to the Single Market; INVITES the Commission and Member States to gear SOLVIT towards the needs of business users, and together with the Member States to develop targeted awareness-raising activities to promote SOLVIT within the business community; URGES the Commission and Member States to follow-up on recurrent and structural SOLVIT cases and take action, e.g. by making best use of the EU Pilot system; EMPHASISES that SOLVIT can only be impactful for individuals and businesses if Member States and the Commission prioritise the network;
15. WELCOMES the proposal to create a Single Market obstacles tool under the Single Digital Gateway to ensure maximum transparency about barriers reported by citizens and businesses; CONSIDERS that this should be extended to non-regulatory obstacles;
16. SUPPORTS the Commission's intention to upgrade the Single Market Scoreboard to better monitor performance when it comes to applying Single Market rules and to better reflect end users' situation in the Single Market;
17. UNDERLINES the important role of public procurement to achieve the twin green and digital transitions and EMPHASISES the need for raising awareness of good practices, namely through the use of targeted criteria and digital public procurement tools in all relevant public tenders;

Barriers to the Single Market

18. WELCOMES the Commission's Communication "Identifying and addressing barriers to the Single Market" of 10 March 2020¹⁴, which gives an overview of barriers to the Single Market, encompassing regulatory and non-regulatory barriers that affect businesses and is drawn up from a user's perspective; EMPHASISES that the Member States and the Commission have a common responsibility to address the barriers identified;
19. STRESSES that new and more user-centric methods and tailor-made approaches are necessary to remove any remaining unjustified obstacles and make better use of the opportunities in the Single Market, particularly where possibilities for economic gains remain largest, including in the service sector; CALLS on Member States and the Commission to step up existing efforts to remove fragmentation, reduce barriers at all the levels where they occur (European, national, regional and local);
20. HIGHLIGHTS the opportunities that optimal functioning of the Single Market for services would offer and STRESSES the need to deepen cross-border integration of the services markets; UNDERLINES that it is essential to improve the opportunities for and remove unnecessary barriers to cross-border trade in services and goods and labour mobility, while ensuring the protection of workers, and that it is necessary to improve the provision of information and simplify administrative procedures, including proper implementation of the Single Digital Gateway; SUPPORTS the development towards an inclusive, modern and functioning European digital identity framework based on the eIDAS Regulation to make usable, secure and interoperable digital identities widely available for all Europeans in order to facilitate cross-border business growth and secure government and private online transactions;

¹⁴ 6779/20.

A strengthened and future-proof Single Market

21. EMPHASISES that research, innovation and development of cutting-edge technologies will be key to accelerate the twin green and digital transitions; RECOGNISES that a well-functioning Single Market is crucial to ensure cross-border scalability of new green, circular and digital solutions and business models; STRESSES that the EU should revitalise a Europe's circular, sustainable and competitive manufacturing industry and create a well-functioning market for secondary materials;
22. STRESSES the importance of European standards for the Single Market, the competitiveness of European industry and for the safety and security of citizens; EMPHASISES that the new legislative framework and harmonised standards remain essential for the EU to become the global frontrunner in standard-setting; RECALLS in this respect its conclusions of 27 February 2020¹⁵ on future policy developments, offering businesses the best opportunities to start-up, expand and remain competitive; RECOGNISES the importance of the swift and proper functioning of the European standardisation system in order to support European businesses and a changing societal landscape; CALLS upon the Commission to further upgrade the functioning of the system to swiftly and adequately support the objectives of European technological sovereignty, the twin green and digital transitions and the economic recovery; URGES the Commission to work with stakeholders to find solutions to the current challenges in the system;

¹⁵ 5964/20.

23. STRESSES the importance of a reinforced and fully functioning Single Market to allow European companies and in particular the smallest and most vulnerable SMEs to innovate, scale-up and prosper across borders in a large home market; CALLS for action to ensure an enabling business environment that allows businesses and especially SMEs that have been heavily affected by the COVID-19 crisis to fully benefit from the opportunities of the Single Market, including by fostering the “Think Small First” Principle and enabling growth investments through the facilitation of intellectual-property-driven investments for SMEs; CALLS for the successful establishment of One Stop Shops for SMEs in Member States to offer tailored support, as called for in the Commission’s SME Strategy, building cooperation with existing networks, such as SOLVIT; HIGHLIGHTS the important role that the Single Market Programme should play in strengthening and improving the Single Market and helping SMEs to benefit from it;
24. RECALLS that free and fair competition and a level playing field should be ensured within the Single Market and globally to avoid distortions in the Single Market ; CONSIDERS that the long-term strategic interests of the European Union and its citizens, consumers and businesses should be protected; STRESSES that operators competing from third countries in the Single Market should operate under the same conditions and rules as their European counterparts while ensuring that the EU remains an attractive business environment for foreign investments; LOOKS FORWARD, in that respect, to discussing the White Paper on levelling the playing field as regards foreign subsidies;
25. WELCOMES the public consultation on a New Competition Tool to address structural competition problems across markets;

26. RECALLS that digitalisation is an enabler of more cross-border trade and of a more integrated Single Market; EMPHASISES that the importance of digitalisation is horizontal and should therefore be reflected in Single Market policy; UNDERLINES that besides its many other benefits, digital transformation has the potential to reduce unnecessary administrative burden and compliance costs significantly and thereby to increase the efficiency of the Single Market; UNDERLINES that new policy approaches for the Single Market have to be fit for the digital age and enable the EU to become an economic area with a consistent, efficient, digital-by-default and future-proof regulatory framework in accordance with better regulation requirements, which is able to cope with new and agile business models, especially in the digital economy;
27. LOOKS FORWARD to discussing the Commission's proposal for a Digital Services Act Package, and STATES that the EU Intellectual Property Action Plan can contribute, among others, to incentivize R&D investments and foster key technologies;
28. RECOGNISES the importance of structural reforms at Member State level in order to revitalise the EU's competitiveness; WELCOMES, therefore, the fact that the Commission has started to look at the performance of the Single Market and its relationship with structural reforms within the process of the European Semester; CALLS on the Member States and the Commission to follow up on this approach and to make it even more operational;

A new impetus for the Single Market

29. CALLS on Member States to

- work effectively together and allocate appropriate resources towards a better implementation and enforcement of EU law in the area of the Single Market, including a robust market surveillance and proper implementation of the Single Digital Gateway;
- effectively reduce the most pressing barriers to the Single Market in a practical way, including in the service sector, as a priority;
- take active part in implementing the recovery measures with the aim to revitalise and further deepen the Single Market; and
- carry out necessary reforms which can be a driver for competitiveness and sustainable growth, not least in the context of the recovery process;

30. CALLS on the Commission to present an annual Strategic Report by 15 January 2021 to

- take stock of the state of implementation of the 2020 Enforcement Action Plan and progress in addressing barriers in the Single Market, including through measures of the recovery plan, taking into account the work of SMET;
- assess the resilience of the Single Market, by first drawing lessons from the COVID-19 crisis and evaluating the robustness of existing procedures; and
- analyse on this basis the need for further regulatory and non-regulatory actions.

HIGHLIGHTS that this report will be the foundation to work and follow-up the implementation of actions and milestones in Council with Member States on a rolling basis; and

31. UNDERLINES that the Council (Competitiveness) will discuss and monitor, on the basis of this Strategic Report ahead of the spring 2021 **European Council**, the progress and future actions to strengthen the resilience of the Single Market for a strong recovery and a competitive, sustainable Europe.