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To:	Council
Subject:	Annual Report of the Single Market Enforcement Task Force (SMET) - Information from the Commission

Delegations will find attached the SMET Report.



Report | **S**ingle
Market
Enforcement
Taskforce

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The Single Market Enforcement Taskforce (SMET) was set up to strengthen implementation and enforcement of Single Market rules on the ground. The European Council in 2019 asked the EU and its Member States to take action: *"the Single Market should be further deepened and strengthened (...)"* and *"remaining unjustified barriers must be removed"*. The European Council also invited the European Commission *"to develop by March 2020, in close coordination with the Member States, a long-term action plan for better implementation and enforcement of Single Market rules"*. The European Parliament emphasized *"the urgent need to eliminate the unjustified remaining barriers from the Single Market in order to achieve tangible and quick results in terms of growth, innovation, job creation, consumer choice and new business models"*. To follow up on these requests, together with the New Industrial Strategy for Europe¹, the European Commission adopted a package of measures, including an [Action plan for better implementation and enforcement of Single Market rules](#)², which proposed the creation of the Single Market Enforcement Taskforce (SMET) based on a renewed partnership between the Member States and the European Commission.

During the COVID-19 crisis, when restrictive measures challenged the functioning of the Single Market, the taskforce proved to be an effective tool to contribute to the joint, coordinated work of the European Commission and Member States to tackle as a matter of urgency various COVID-19-related barriers that arose. This joint effort in SMET demonstrated that these issues can be discussed together, raising awareness of their effects to the Single Market and contributing to appropriate action. The work of SMET builds on this early positive cooperation experience and commitment to improve the good functioning of the Single Market, which is one of the main assets to accelerate Europe's economic recovery, green and digital transitions, and serves as a springboard to compete globally.

The taskforce members positively appraise the first year of SMET's functioning and the value-added of exchanges held in that format. This Report gives an overview of its work, working methods and actions taken so far.

¹ European Council conclusions of 22 March 2018 (EUCO 1/18). Such request was reinforced by the May 2018 Competitiveness Council, which called on the European Commission to "complete, by March 2020, the assessment of the remaining regulatory and non-regulatory obstacles and opportunities within the Single Market, with a special focus on services, (...) taking the perspective of businesses and consumers. ...", Competitiveness Council conclusions on "A new level of ambition for a competitive Single Market" of 27 May 2018 (COMPET 437, 9743/18).

² European Council conclusions of 22 March 2019 (EUCO 1/19).

³ Resolution of the European Parliament of 12 December 2018 on the Single Market package (2018/2903(RSP)).

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-gdp/european-industrial-strategy_en

⁵ COM(2020) 54 final.

I. Our objective

The Single Market Enforcement Taskforce (SMET) was set up to strengthen cooperation on efficient implementation and enforcement of the Single Market freedoms, which is now more important than ever for the steady recovery of our economy.

SMET is envisaged as a platform for Member States and the European Commission to work together to ensure better compliance with Single Market rules. Our tasks are to assess the state of compliance of national law with Single Market rules, prioritise work on the most pressing barriers, address unjustified "gold plating", discuss horizontal enforcement issues and follow the implementation of the Long term action plan for better implementation and enforcement of Single Market rules⁶.

A real partnership of the different actors at European and Member State level responsible for implementation and enforcement will be essential to overcome existing Single Market barriers. It will help the directing of targeted enforcement action and improving Single Market law compliance.

*Long term action plan for better implementation and enforcement of Single Market rules
(10 March 2020)*

Our main and ultimate goal is to achieve the removal of concrete obstacles hampering the freedom of our businesses and citizens to travel, live and do business in the EU. We focus not solely on improving legal compliance, but aim at addressing barriers that have a negative effect on our businesses and citizens and hamper the smooth green and digital transition.

This new forum allows national members to work jointly with the European Commission to tackle practical barriers in the Single Market, regardless of their nature or origin. Barriers can arise in many ways, for example, via implementation deficiencies at national level, as a result of legal or administrative burden, caused by inefficient practices by national authorities, or due to lack of common rules at EU level or of sufficient guidance.

Drawing on available reports on barriers experienced by stakeholders such as the European Commission Staff Working Document "Business Journey on the Single Market: Practical Obstacles and Barriers"⁷ accompanying the European Commission Communication, "Identifying and addressing barriers to the Single Market"⁸ adopted on 10 March 2020, as well as national analyses and evaluations, the taskforce selected and prioritised a number of barriers with significant opportunities to improve the good functioning of the Single Market.

Our work in the Single Market Enforcement Taskforce is intended to be in parallel to other existing enforcement tools (infringement procedures, EU Pilots (informal pre-infringement dialogues), package meetings, SOLVIT, dialogues for better transposition of directives, use of various preventive mechanisms, such as the notifications procedure for technical Regulations under the Single Market Transparency Directive (EU) 2015/1535, etc.) and does not replace nor prejudice them. It aims to deliver practical solutions to overcome identified barriers to the smooth functioning of the Single Market.

⁶ https://ec.europa.eu/info/sites/default/files/communication-enforcement-implementation-single-market-rules_en_0.pdf

⁷ <https://ec.europa.eu/info/publication-detail/information/11a9b0cf-8384-11ea-b735-01aa75ed71a1/language-en>

⁸ https://ec.europa.eu/info/sites/default/files/communication-eu-single-market-barriers-march-2020_en.pdf

II. How we work together

The taskforce operates as a partnership between Member States and the European Commission. Members work together to identify priority areas, engage in constructive dialogue to make progress on the selected priorities and develop actions aimed at delivering concrete and tangible results.

The taskforce operates at two levels: in a high-level decision-making SMET forum; and at Sherpa level where national and European Commission experts meet, define actions and develop solutions to concrete barriers. The taskforce adopts by consensus any conclusions or reports when appropriate.

Since April 2020, we have met seven times at director general level or equivalent and seven times at Sherpas and experts level, showing our agile character to tackle situations where immediate action is needed, as well as to remove long-standing barriers⁹. The commitment of the taskforce's members contributed to promptly addressing and effectively removing the restrictive measures at the outbreak of the COVID-19 crisis affecting the free flow of goods such as facemasks, medical supplies and food across the EU, and, in February 2021, in the context of the introduction of certain national travel restrictions and controls at internal borders. Building on our collaboration and team spirit, we have shown our capacity to react quickly to urgent issues and to propose creative solutions. We have also demonstrated our commitment to tackle complex long-standing problems.



⁹ See the Annex for more information about the meetings.

* Norway, Iceland and Liechtenstein.

The successful delivery of concrete results will require our joint commitment, good cooperation with, and engagement of, all responsible actors within the Member States and at EU level. A strong leading role for ministries and authorities responsible for Single Market policy as well as all relevant European Commission services has been and will remain crucial to the effectiveness of our work.

At national level, the taskforce members reach out and involve other authorities responsible for specific policy areas. At European Commission level, DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) works closely with other European Commission services bring in the relevant specialist knowledge in the policy area concerned. The sectoral experts from the responsible national authorities and from the European Commission are heavily involved, in addition to the Sherpas, in what are known as thematic Sherpa group meetings. These meetings allow detailed discussions of the nature of the identified barriers and possible ways to reduce or eliminate them. Careful selection and active involvement of the relevant national and EU experts is important to ensure coherence with the activities carried out in other fora. The European Commission services provide additional guidance and bilateral support when needed. Although external stakeholders do not take part in the SMET, the work of SMET (notably on identifying the barriers to be discussed) takes into account the information provided via national members or the European Commission. This ensures that the functioning of the Single Market is improved by addressing practical barriers relevant for different stakeholders.

The taskforce approaches the issues identified from a practical, Single Market focused perspective, developing often creative working methods. As such, the taskforce complements, without overlapping, the work done in various sectorial working groups by drawing out common, horizontal compliance issues.

The broad and cross-sectoral nature of the issues dealt with by the SMET necessitates a strong political steer and support at national and Competitiveness (COMPET) Council levels, with support of the European Parliament. This will be essential to the success of this innovative way of working. The driving aim is to invigorate the Single Market, which is the engine for long-term recovery and digital and green transition in the EU.

As regards the practical working arrangements of the SMET, in view of the intense collaboration needed, we use as far as possible new working methods, learning from each other and open to streamlining and improving our activities.

Working and communication tools:



¹⁰ https://ec.europa.eu/growth/single-market/single-market-enforcement-taskforce_en

III. What we have achieved so far



We have contributed to restoring the functioning of the Single Market during the COVID-19 crisis.

The events of the past year have exposed the EU's economy to an unprecedented and sustained shock, with the EU economy contracting by 6.3%. This shock was not only caused by national public health measures to limit social contact; it was also caused – and aggravated – by the unilateral introduction of a number of restrictions to the free movement of goods and workers by Member States, with intra-EU trade falling by 24%, while GDP by 7% during the second and third quarter of 2020.

Annual Single Market Report 2021¹¹

The taskforce played an active role in addressing and countering the introduction of COVID-19-related issues hampering the smooth functioning of the Single Market, such as intra-EU export restrictions on vital protective equipment, medical and medicinal supplies, and, equally importantly, border controls. SMET discussed and reaffirmed the role for market surveillance authorities to make sure these products comply with necessary safety standards and are effective and for Member States to ensure the absence of barriers that impede the increase of production of these essential products.

Alongside the various work streams of the services of the European Commission and Member States to address export restrictions, the work of the taskforce contributed to restoring the good-functioning of the Single Market, hampered by forty-three restrictive measures introduced by various Member States¹². Examples of those measures are suspension of exports of agricultural, and food products, export bans for medicinal products and COVID related material or introduction of quarantine and test requirements for cross-border commuters and transport workers. Such restrictions posed risks of disruption in manufacturing supply chains, risks of perishable fresh food being stuck in traffic and high compliance costs for business. Our joint commitment, flexibility and capacity to react promptly and effectively allowed for a coordinated approach.

“The coronavirus outbreak has made it crystal clear that no country can fight this virus alone. Europe needs to act together with solidarity. Restrictions endanger this solidarity and prevent essential goods from reaching those who need them most. The Single Market is the backbone of our joint response and we need decisive action to lift any restrictions undermining it.”

Commissioner for Internal Market, Thierry Breton (8 April 2020)

¹¹ SWD(2021)051 final – Figure 1

¹² AT, BE, DE, DK, ES, FI, HU, PT, BG, FR, RO, CZ, PL, SK, LV, SI, EE, ES, IT, FI, NL



We identified and agreed on the first group of barriers to be addressed

Alongside the work on the remaining COVID-19 related barriers, we emphasized the importance to address concrete systemic barriers that hamper the full functioning of the Single Market and consequently negatively impact the successful recovery. Based on the European Commission's and national SMET members' proposals of barriers to be tackled as priority and on the findings of the Single Market Barriers Report¹³, the taskforce agreed to start working on the following five areas:

- Cross-border restrictions for professionals for temporary and occasional service provision: prior checks of qualifications;
- Measures with potential protectionist effects in the agri-food sector;
- Cross-border restrictions for professionals in relation to the recognition of professional qualifications: excessive document requirements;
- National certification schemes in construction services sector and restrictions related to non-harmonised construction products¹⁴;
- Excessive administrative burdens associated with the posting of workers.

An additional area - availability of insurance for temporary and occasional services providers - closely related to investment projects for the recovery was subsequently added to the list for future work. Furthermore, the issue of burdensome permit requirements for wind and solar energy installations was brought to attention of the taskforce as a potential relevant area.



¹³ COM(2020) 83 final

¹⁴ Regulation (EU) 2018/515 of the European Parliament and of the Council of 19 March 2018 on the mutual recognition of goods lawfully marketed in another Member State and repealing Regulation (EC) No 764/2008



We progressed substantially in the following specific areas to deliver tangible results and measures that can take effect quickly

Cross-border restrictions for professionals for temporary and occasional service provision: prior checks of qualifications



Context/current situation

Business services, many of which are regulated professional services, contribute around 13% to EU gross value added and almost 14% to EU employment (Eurostat 2017).

National authorities can impose prior checks on the exercise of certain professions by individuals from other Member States when providing temporary and occasional services. There are situations when professionals need to submit an extensive number of documents, including information on insurance, professional experience and qualifications, good standing and/or clean criminal record certificates.

Such prior checks are permitted only to the extent that it is necessary to avoid serious damage to the health or safety of the service recipient due to lack of professional qualification of the service provider and that the respective professions are notified to the European Commission.

Nevertheless, the current EU-wide list contains more than 700 professions where prior checks are imposed (professions directly related to the health sector are not included in this number). The number of professions for which prior checks are required varies significantly across Member States - from 1 in Estonia and 4 in Croatia and Spain to more than 100 in other Member States. A meaningful justification for these restrictive measures is also often lacking.

Excessive requirements not only hamper the freedoms of EU citizens to move and exercise their profession across the EU. Such situations are especially damaging for highly innovative sectors where flexibility and mobility are needed to bridge skills gaps.

Fees for procedures to check qualifications have to be borne by the applicants and can amount up to several hundred Euros, without counting costs for producing, translating and certifying documents. The removal of prior qualification checks thus relieves the applicants from quite a substantial financial burden.



Goals

We agreed to screen the existing requirements for prior checks of qualifications and to remove those that present only limited risks for health and safety of service recipients.

We agreed that all professions for which prior checks are imposed should be notified as such in the European database, including with the required justification for the check.



Actions taken so far

On 8 September, national SMET members confirmed that requirements for prior checks of qualifications had been abolished for a total of 161 professions. Work is still ongoing in numerous Member States because such changes sometimes require lengthy administrative adaptations or legislative changes.

The Netherlands 15; Lithuania 4; Portugal 56; Cyprus 2; Italy 17; Germany 1; Czechia 14; Latvia 13; Poland 15; France 10; Slovenia 6; Ireland 2; Finland 6.

France suggested to initiate work to improve the knowledge on the document requirements in each Member State. The main goal would be to identify those that are required only in certain Member States and to launch a dialogue on the possible harmonization of practices in the event that these differences are not justified by specific national contexts.

Measures with potential protectionist effects in the agri-food sector



Context/current situation

Intra-EU exports account for about 25% of the EU food and drink industry turnover.

Some Member States adopted or planned measures potentially giving advantage to national food products and producers, such as obliging retailers to source or promote a certain percentage of food products from national producers, or giving preference to national food producers in public procurements. Such tendencies intensified during the COVID-19 crisis. Measures to support local farmers or to promote sustainable supply chains need to fully respect Single Market rules.



Goals

We started a dialogue with a view of identifying existing and forthcoming obstacles and, in parallel, we agreed to

- exchange on how online agri-food platforms; when supported by national authorities, could enhance the resilience of local supply chains and producers within the boundaries of the Single Market freedoms.
- share best practices to support small retailers, for example, initiatives that promote local food through a common brand and events such as Mercado47 (Spain), GUUTE (Austria) and Vetrina Toscana (Italy), AROMA (Germany, France, Belgium, Luxembourg), "Alimente quem o alimenta" (Portugal);
- explore alternative means and tools based on EU policies that would help support local farmers and/or the promotion of local supply chains.

¹⁵ FoodDrink Europe, 2020 Data & Trends



Actions taken so far

Some national SMET members (PL, CZ, BG, SI) acknowledged the existence of obstacles for the internal market and indicated steps undertaken to eliminate existing or planned measures.

Two national SMET members (FR and AT) indicated a willingness to continue the discussions in order to avoid any misperceptions.

A high number of national SMET members (DK, BE, ES, DE, PT, IT, FI, CY, NL, SE, IE, RO, SI, LU, IE, LV, LT, SK) did not introduce or reported that they considered that their national measures taken or in preparation, did not create any risk of distortion of the Single Market.

Cross-border restrictions for professionals in relation to the recognition of professional qualifications: excessive document requirements



Context/current situation

Excessive and outdated documentary requirements make it more difficult for professionals to establish abroad or provide cross-border services.

They create difficulties for service providers to meet demand in other Member States and for companies to hire swiftly the specialists needed, especially in sectors where growth innovation are needed for the green and digital recovery.

Requiring original documents or certified paper copies, for instance, stands in the way of using agile digital procedures, slows down recognition procedures and adds unnecessary cost.

Modern digital tools (such as automatic translations) should be widely used to reduce this barrier to the citizens and businesses to the minimum.



Goals

By 1 October, we agreed that national authorities would provide the European Commission with an overview of the work undertaken on the screening of the documents requirements in place in order to identify provisions that are disproportionate or unjustified and can be abolished.



Actions taken so far

In Romania, 93% of the national authorities (43 in total) in charge of the regulation and recognition of professional qualifications have expressed their intention to identify and eliminate unnecessary or burdensome documentary requirements.

The Netherlands reviewed the procedures for amongst others private security guard, teacher and physiotherapist. Based on these outcomes a proposal is being prepared to remove unnecessary document requirements and to reduce the use of certified copies and translation requirements.

Lithuania has reached a preliminary agreement to abolish the requirement to provide translations of identity documents for all regulated professions. Translations of diplomas are planned to be removed for 7 sectoral professions which have uniform educational programs in all Member States. A requirement to provide certified paper copies will be abolished for remaining professions to which these requirements are still applied.

Restrictive measures concerning non-harmonised construction products



Context/current situation

The construction ecosystem, essential for the transition to a greener European economy, accounts for 9.6 % of EU value added and employs about 24.9 million people.

The mutual recognition principle ensures market access for goods that are not, or are only partly subject to EU harmonisation legislation. It guarantees that any good lawfully sold in one EU country can be sold in another one. Mutual recognition is thus instrumental to removing barriers to intra-EU trade. However, but in some sectors, businesses still struggle to sell their products in another Member State.

The first condition for businesses and national authorities to use and apply mutual recognition is to be aware of it and what it means in practice for companies. Under Regulation (EU) 2019/515, the Information and Communication System on Market Surveillance (ICSMS) IT tool should be used to notify administrative decisions denying or restricting mutual recognition. ICSMS is a comprehensive communication platform for market surveillance on non-food products and for mutual recognition for goods as well as an intelligence mechanism for the reliable exchange of information among authorities (EU Member States, EFTA States, Turkey and UK on Northern Ireland Protocol). The system allows information on non-compliant products to be efficiently shared between authorities and helps the EU to ensure reliability and coherence in the implementation and enforcement of the European internal market legislation on non-food products.

However, for some Member States, indispensable information in the ICSMS is either incomplete or still missing.

Goals

We agreed on the following concrete steps:

- Inform the European Commission which is/are the competent authority/authorities for non-harmonised construction products in each Member State. Verify whether the authorities for non-harmonised construction products are registered in ICSMS and, if so, whether they have access to the mutual recognition module of ICSMS.
- Verify whether the authorities for non-harmonised construction products are registered in ICSMS and, if so, if they have access to the mutual recognition module of ICSMS.
- Verify whether the competent authority has been trained for mutual recognition of goods.
- Inform what is the reason that there are no decisions (on exceptions) notified in accordance with Regulation (EU) 2019/515 in the area of non-harmonised construction products.
- If the authority has taken decisions restricting or denying market access to construction products lawfully marketed in another Member State or originating and lawfully marketed in an EEA/EFTA State since 19 April 2020, take the necessary measures to notify those decisions in ICSMS as soon as possible.

Actions taken so far

Member States/EEA-EFTA States registered their authorities responsible for construction products in ICSMS and confirmed that they do have access to the mutual recognition module of ICSMS.

Most of the authorities have already been trained for mutual recognition. Further training sessions on mutual recognition are planned for autumn.

There have been eight new notifications in ICSMS (from ES, FR, DK, BE, PT and IS) in the last two months following the SHERPA meeting on 7 July 2021. Although they are not related to construction products, the awareness raising effect of the work in SMET in respect of the application of the principle of mutual recognition in general seems to be significant. The meeting allowed participants to clarify questions the authorities had concerning the application of the mutual recognition principle and notifications in ICSMS. The benefits of this meeting are therefore notable for the proper implementation of the Regulation on the mutual recognition of goods.

National members (CY, PT, LU, FI and LV) reported that they have not issued administrative decisions related to construction products.

Work will continue during the autumn as regards the above-mentioned barriers and it will intensify for the remaining jointly identified priorities:

- Certification schemes in construction
- Excessive administrative burdens associated with the posting of workers
- Insurance requirements for services providers



Other issues discussed

Electronic freight transport information:

During the meeting of 31 January 2021, Estonia presented a successfully tested project related to the electronic consignment note prototype. Latvia, Lithuania and Poland have also been involved in this project, which aims at reducing administrative burden and unnecessary human contacts in the transport sector. Estonia requested the European Commission to speed up the ongoing preparation of the implementation legislation in this area. In May 2021, as a follow-up, DG MOVE presented the latest developments on the implementing legislation on electronic freight transport information currently in preparation, including the timeline for implementation and its relevance for logistics and supply chain digitalisation, including the use of consignment notes.

FR/NL proposal on use of the ecosystem-approach for the improvement of the Single Market for services:

During the meeting of 12 July 2021, France and The Netherlands presented a jointly developed idea on how to achieve a better integration of services associated to the industrial ecosystems and to give a new impetus to the strengthening of the Single Market. The approach consists of three steps: identification of services that are particularly strategic for a given ecosystem; identification of barriers that hinder the delivery of these services; and development of concrete and pragmatic actions to address these barriers. France and the Netherlands are currently carrying out a project targeted on the "Mobility" ecosystem and are looking into what kind of barriers cross-border entrepreneurs in the electric car industry (charging stations, to be more specific) are experiencing. Interested Member States are invited to join this work.

IV. Future directions

Until the end of 2021, the SMET's work will remain focused on deepening the work on selected priority areas in order to achieve tangible and concrete results across the EU. We are determined to fully use opportunities the Single Market offers to make business easier and therefore reduce costs for companies. This detailed work will take into account the activities carried out by other specialised committees or working groups (including those of the European Labour Authority) dealing with the identified priority areas. We reiterate our perseverance and joint commitment to continue engaging intensively with all relevant ministries and institutions at national and European level.

In the first part of 2022, we will take stock of what has been achieved in the above-mentioned thematic areas, in particular as regards the removal of concrete barriers, the effectiveness of our working methods, as well as on the related benefits for the functioning of the Single Market. We will also reflect on how to better focus our work to achieve the objectives set in the Enforcement Action Plan.

Building on this experience and considering that sufficient progress has been made in the first group of barriers, we will identify a new set of barriers to work on as priorities in 2022. We will ensure a transparent and inclusive process of setting future priorities together. We are resolved to explore the opportunities of the Single Market in supporting EU companies to better integrate into European value chains and in gearing production towards a green, digital and resilient transformation. Our work will support cross-border investments and enhance global competitiveness. We will in particular pay attention to obstacles hindering a smooth recovery, and on barriers that hamper the green and digital transitions and delay the implementation of the national recovery and resilience plans. Our aim, as always, will be to focus our efforts and to target our work on concrete barriers with a significant negative impact on the smooth functioning of the Single Market.

Different sources of information will feed into the process: existing reports and studies from the European Commission and Member States; analyses from the perspective of the industrial ecosystems; evidence about obstacles hindering economic recovery and green and digital transition; feedback from the perspective of cross-border regions, etc. We recognise the importance of obtaining information on concrete barriers encountered by actors operating in the Single Market. "Forums" with business stakeholders, including businesses operating cross-border, can be organised at national level to gather such evidence. Exchanges with industry will also continue at EU level using the existing platforms.

We are determined to make the role of SMET instrumental for leveraging the potential of the Single Market in the economic recovery and green and digital transition of the EU. Our collaborative approach, ability to quickly react to urgencies and focus on concrete results have shown the usefulness of the taskforce in facing the challenges ahead. The effectiveness of our current and future actions requires a strong political steer from the ministers responsible for the Single Market and recovery, and strong support of all the other relevant national authorities and European institutions.



Annex: Summary of SMET and Sherpa group meetings



