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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	<i>Preparation of the Competitiveness Council on 27 May 2019</i> A new level of ambition for a competitive Single Market - <i>Policy debate</i>

- A. On 22 November 2018, the European Commission adopted its Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on “The Single Market in a changing world – A unique asset of renewed political commitment¹.
- B. At its meeting on 13-14 December 2018, the European Council adopted conclusions, which highlighted the need to advance with the Single Market agenda in all its dimensions and develop a forward-looking approach².

¹ Doc. 14633/18.

² Doc EUCO 17/18, paragraph 2.

- C. At its meeting on 22 March 2019, the European Council adopted conclusions that called 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 the development of a service economy and on mainstreaming digital services, removing of remaining unjustified barriers and avoiding creating new ones³.
- D. The High Level Working Group on Competitiveness and Growth discussed on a holistic approach to EU Agenda – interlinking Industrial and Single Market policies including services’ on 11 April 2019, with a view to prepare the ministerial debates at the Competitiveness Council of 27 May 2019.
- E. The Working Party on Competitiveness and Growth (Internal Market) elaborated draft Council conclusions on ”A new level of ambition for a competitive Single Market” during its meetings of 8 March, 13 March, 29 March, 8 April, 16 April and 8 May 2019.
- F. The Romanian Presidency has prepared a background paper and questions (in Annex) to help structure the ministerial debate during the meeting of the Competitiveness Council on 27 May 2019.
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³ Doc. EUCO 1/19, para 2, 3.

A holistic, integrated and forward-looking approach to the Single Market and a better enforcement and application of the Single Market rules

Exchange of views

1. The March 2019 European Council called for an assertive Industrial policy allowing the EU to maintain and further strengthen the industry competitiveness and for a long-term vision for the EU's industrial future, with concrete measures to implement it, as well as for a deeper and stronger Single Market with particular emphasis on the development of a service economy and on mainstreaming digital services.
2. The Council conclusions on "*A new level of ambition for a competitive Single Market*" and on "*An EU industrial Policy Strategy: a Vision for 2030*" to be adopted at the Competitiveness Council on 27 May 2019 aims at providing a substantial and timely contribution to the Strategic Agenda for the next 5 years for these two policies, namely the EU industrial policy strategy and the Single Market policy as called for by the March 2019 European Council.

3. The discussions of the Ministers responsible for Competitiveness and Growth at the Informal Competitiveness Council held on 3 May 2019 in Bucharest highlighted the need for a holistic approach to the Single Market and industrial policies, which is essential in order to foster the competitiveness of EU economy, ensure a global level playing field, maintain a strong industrial base in Europe and increase the competitive position of EU businesses and industries on the global stage. A strong Single Market is key for the competitiveness of EU industrial value chains and contributes substantially to the development of SMEs. A more competitive service economy will provide a solid base for EU industries and businesses to respond to disruptions and adapt to fast and profound technological transformation that is ongoing. The debate also highlighted that a well-functioning Single Market requires that **existing EU rules are properly, timely and uniformly implemented and enforced** in each Member State.
4. At its meeting on 11 April 2019, the High Level Group on Competitiveness and Growth held discussions on “*A holistic approach to EU Agenda – interlinking Industrial and Single Market policies including services*” which highlighted that such an approach to the EU agenda is crucial for the global competitiveness of the EU. From an international perspective, the discussions reflected also that EU manufacturing and EU manufacturing exports are more servitised than those of some major global competitors, such as the USA. Therefore, the discussions highlighted that **strengthening of the European services sector and digitalisation should be seen as a priority alongside with building a forward-looking EU industrial policy** in the pursuit of economic growth and of a more globally competitive Europe.

5. The Conclusions on "*A new level of ambition for a competitive Single Market*" highlight that the process of deepening 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, **fostering synergies between Single Market policy, digitalisation, industrial policy** and other policies.
6. An integrated and forward-looking approach for deepening the Single Market would offer a basis for successful transition towards a digital-driven efficient, coherent, balanced and sustainable Europe. In this context, the deepening of the cross-border integration of the services markets has special relevance having regard to the significant spill-over effects on the related sectors and the increasing interdependence of services and industry in creating added value within the global value chains.
7. The Conclusions emphasise 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 **more user-centric approach**, which is based, to a greater extent, on a thorough analysis of facts and needs. They also underline the necessity to **further remove the remaining unjustified cross-border regulatory or non-regulatory obstacles in the Single Market, particularly in the services markets**.

8. To ensure better enforcement and application of the rules, the Conclusions also call on the Commission to develop, by March 2020, in close coordination with the Member States, a **long-term action plan for better implementation and enforcement of EU Single Market rules** including increasing transparency and political ownership.
9. The Romanian Presidency considers the **adoption of the Goods Package legislation** which consists of the *Regulation on Market Surveillance and Compliance of Products* and the *Regulation on Mutual Recognition* **as being one of the most important achievements for the functioning of the internal market in the field of goods at the end of the current decade and for the next decade**. The Council Conclusions on "*A new level of ambition for a competitive Single Market*" recognise the progress made in the area of goods through the adoption of the proposals of the Goods Package and call on the Member States for an effective application of the new regulations on mutual recognition and market surveillance to enhance consumer and business confidence in the Single Market.
10. Digitalisation is a horizontal issue permeating all policies. It is an enabler of more cross-border trade and for a more integrated Single Market. **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. SMEs should take the most of the digital transition and uptake innovative and digital technologies. Industrial sponsorship and mentoring between large companies and SMEs could speed up this process.

11. Many of the factors that hold back Europe’s digital performance are due to increasing **regulatory complexity and fragmentation in the Single Market**. To avoid fragmentation, the Conclusions on *”A new level of ambition for a competitive Single Market”* call on the Commission to complete, by March 2020, the assessment of the remaining regulatory and non-regulatory barriers and opportunities within the Single Market, with a special focus on services, taking on board the perspective of businesses and consumers, mainstreaming digital services, considering a stock-taking of the overall regulatory framework set by the Single Market Strategy and the Digital Single Market Strategy and focusing on the most relevant areas and cross-border issues.
12. As digitalisation is borderless, the EU regulatory framework should provide simple, transparent and coherent rules. In this context, the Conclusions call on the Commission to **evaluate the need for further initiatives to deepen and strengthen the Single Market, which should be “digitally –tested” and future-oriented**.
13. Online platforms are key enablers for the digital commerce. The Romanian Presidency considers that important progress has been made in the area of the Digital Single Market through the adoption of the **Regulation on promoting fairness and transparency for business users of online intermediation services**.

14. At present, more than a million EU businesses trade through online platforms in order to reach their customers, and it is estimated that around 60% of private consumption and 30% of public consumption of goods and services related to the total digital economy are transacted via online intermediaries. The new rules on promoting fairness and transparency for business users of online intermediation services will create the necessary predictability for EU businesses to be able to reap the full benefits of the platform economy.
15. The **consumer policy should be fit for the digital age**. The Romanian Presidency stresses the recent progress in the consumer protection field and that further work is needed to ensure a high level of consumer protection, which is up-to-date with the rapid digital developments.

Questions for debate

- a) *Taking into consideration the challenges for the global competitiveness of the EU, the new market realities, especially in the context of digitalisation and the need for all future initiatives to be “digitally –tested” and future-oriented, and the role of services for the EU manufacturing, which do you consider should be the right approach for the next legislative cycle in order to strengthen the Single Market and render European industry even more competitive?*
- b) *Please indicate what actions should be included in the future long-term action plan for better implementation and enforcement of Single Market rules, which should be developed by the Commission in close coordination with the Member States by March 2020?*
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