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COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	New Single Market Strategy: towards a dedicated action plan for services

Following the meeting of the Working Party on Competitiveness and Growth (High Level) on 13 February 2025, delegations will find in Annex the presentation¹ made by European Round Table for Industry².

¹ *This document contains a presentation by an external stakeholder and the views expressed therein are solely those of the third party it originates from. This document cannot be regarded as stating an official position of the Council. It does not reflect the views of the Council or of its members.*

² European Round Table for Industry, European transparency registry identification number: 25487567824-45



European Round Table
for Industry

Deepening the Single Market

Renewing the dynamic of European integration
to improve the EU's competitiveness

European industry is a champion of deepening the Single Market and renewing the dynamic of European integration



Renewing the Dynamic of European Integration (2021)

Single Market Obstacles: Technical Study (2024)



1985-1992



2021-...

Joint statement of 25 business associations (14 February 2024)

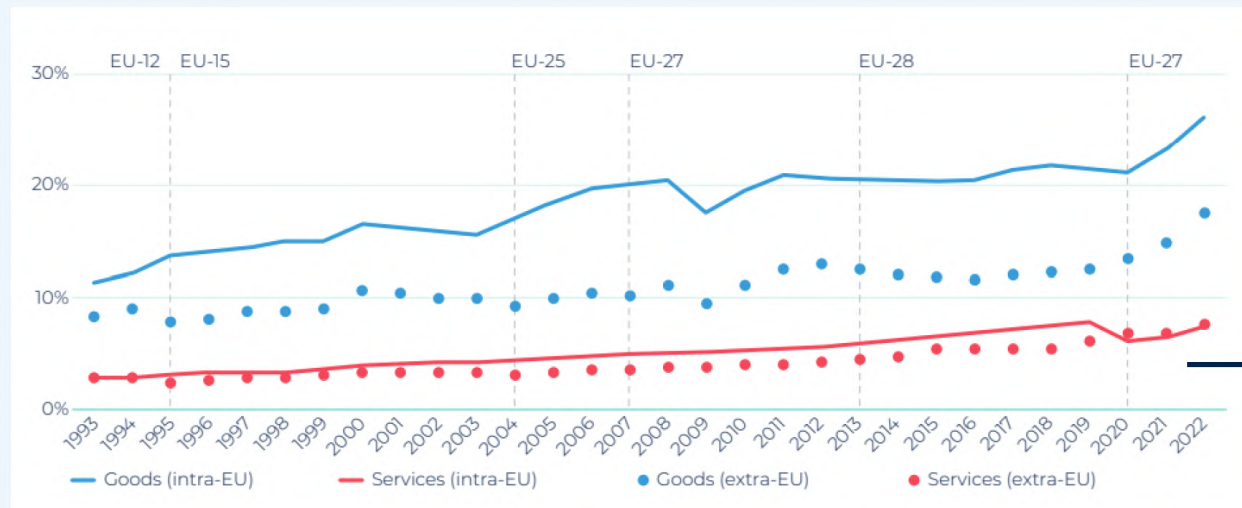
There is political momentum to act *now*



Stagnant integration: a missed opportunity



The integration of the EU Single Market for goods has been stagnant since the global financial and eurozone crises over a decade ago, while intra-EU trade in services has remained very low



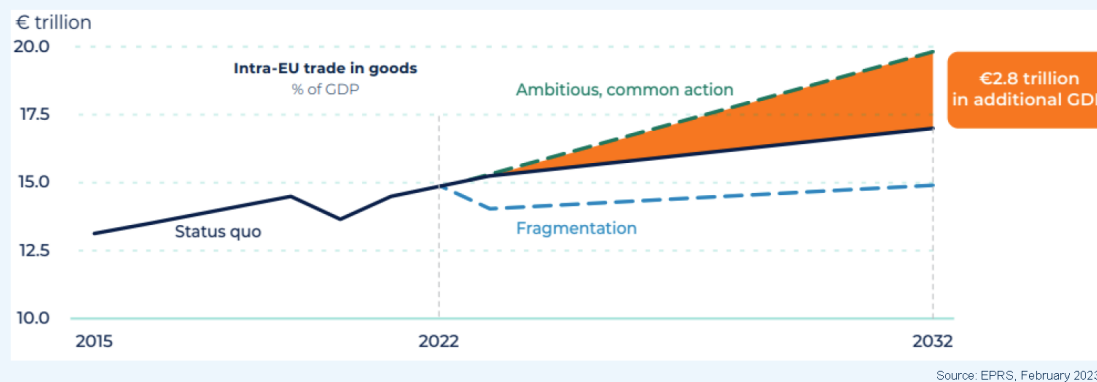
Source: "Commission Staff Working Document accompanying the Annual Single Market and Competitiveness Report", page 3, February 2024

60% of barriers in services over are the same as reported 20 years ago

European integration leads to improving competitiveness and unlocking growth



Following the path of strategic, collective action could offer the EU potential added value of **€2.8 trillion in additional GDP by 2032**



“The dynamism and efficiency of the Single Market are currently being significantly impeded by a complex web of challenges, primarily due to the excessive regulatory burden and bureaucratic red tape. These issues have not only created an intolerable barrier to the effective implementation of Single Market rules but have also severely undermined business competitiveness”

Much more than a market
– E. Letta

Addressing Single Market Barriers requires focussing on the root causes of obstacles



Both the **Competitiveness Compass** and the new **Annual Single Market and Competitiveness Report** (ASMCR, January 2025) recognise that diverging rules burden European businesses. The ‘functioning of the Single Market’ can be improved:

- **KPI 1:** Integration in the Single Market – intra-EU trade over GDP
 - +2,8 percentage points (Goods)
 - +0,9 percentage points (Services)
- **KPI 2:** Conformity deficit – incorrectly transposed directives):
 - -0,1 percentage point

The **Competitiveness Compass** calls for

- **Removing** barriers in goods, services, data, digital, capital, and energy markets to enable businesses to scale up and so complete the Single Market.
- **Simplifying** legislation, eliminating overlaps and contradictions, and introducing an EU-wide legal status for innovative companies to support their growth.
- **Implementing** a new SME and competitiveness check

More analysis of fragmentation and better Single Market enforcement are needed

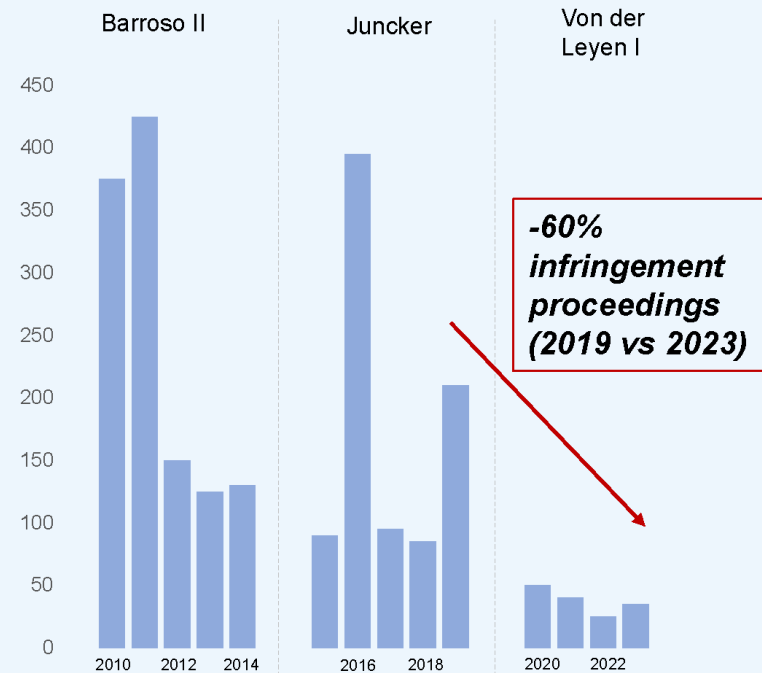


Shortcomings in the ASMCR:

1. It does not go far enough in analysing the root causes of fragmentation and obstacles for cross-border businesses.
2. It does not offer conclusions or recommendations on how barriers should systematically be addressed.
3. It does not critically assess the lack of proper enforcement in the recent years.

The drop in infringements is not caused by a lower number of problems faced by companies or because of “more effective transposition of EU rules into national law”, but by political choices within the European Commission to not pursue infringement procedures against Member States and due to systemic staffing issues within both the European Commission and Member States.

Total infringement actions taken by the Commission in relation to the Single Market excluding case closures



Source: FT (May 9, 2023), [Policing of EU market rules drops under von der Leyen's Commission](#)

Note: infringement cases are not the only indicator for measuring action on Single Market barriers, but it is an important one.

Compendium of 100+ Single Market obstacles



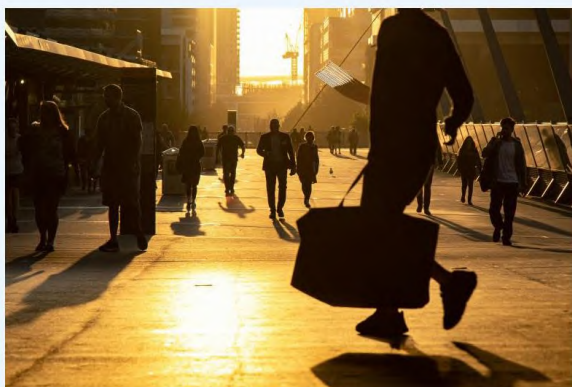
Annex 10.1.1.1.1	
1. Barrier description	
a. In brief describe, concisely, the cross-border issue/hampering the single market	
b. Identify the specific impact on a company or the economy, across borders (EU & beyond)	
c. A further explanation (e.g. from the background of market, the user, or the customer or others)	
2. Barrier categorisation	
a. Frequency of occurrence when barrier occurs	
b. Legal basis (name of technical provisions) resulting from the barrier (name of the instrument)	TSDI 2020/2020/20 - EU level (name of Regulation, Directive, Decision, Delegated Act, etc.) - National implementation (if any) - National level specific technical requirements, which identify specific EU Member States
c. Substantive obstacles (related values or use of technology, etc.)	Technical barriers (e.g. specific norms, Digital, Certification, Smart, Mobility, Code of conduct, and other results, Technical standards and certificate, regulatory, the nature of the energy, the use of the service, the nature of the autonomous, specific technical obstacles, language requirements)
d. Type of problem (barrier subject covered by the instrument in EU)	These obstacles can, with information, affect the use of the procedures, instruments
3. Suggested solution / recommendation	
Please include the type of change you recommend, the expected impact, and the expected benefits	
4. Organisation info & contacts	
a. Organisation name	Name
b. Contact details (for follow-up purposes) (if necessary or appropriate)	Address
c. Type of engagement (barrier subject or actor by implementing in EU)	Role or role in barrier
	Company or institution
	Other
5. Confidentiality & public communication	
a. Has the issue of a company or the company been published?	Why?
b. If so, did the issue get national, non-declared, or published in the public domain?	Why?
	Why?
	Why?

The Compendium was released in February 2024 and was updated in January 2025. It presents :

1. The result of **dozens of organisations working together** to describe 100+ obstacles in detail. It takes on average 3-4 months to describe each obstacle.
2. **Clear and comprehensive information on each identified obstacle**: names of companies, products or services, in which EU Member States and with details of the technical barrier as well as contact details for follow-up purposes.

However, this is just the tip of the iceberg

Obstacles directly impacting services



Barriers to posting workers across the Single Market	
Name company	ASML and others
Issue	<ul style="list-style-type: none"> • Cumbersome exercise of comparing the pay levels of the posted employees with the required pay levels in the member state where the employee is posted to, requiring essential knowledge of the minimum pay across all the member states.

Barriers to digital and cloud services	
Name company	Telefónica, Vodafone
Issue	<ul style="list-style-type: none"> • Divergent certification and data localisation requirements in member states prevent scaling • Many EU public customers require data to be hosted domestically, despite EU laws promoting free data flow. Even without national regulations, data localisation may appear in public procurement or security programmes

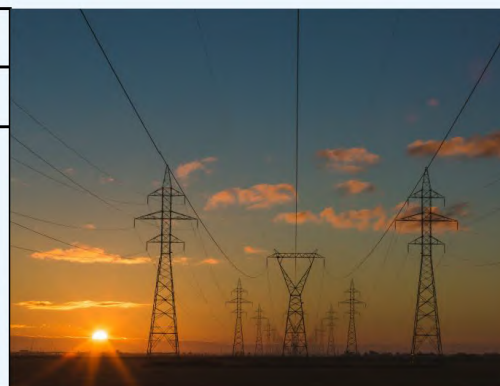


Obstacles indirectly impacting services



Complex compliance with EU sustainability regulations	
Name company	Amazon, Inditex, Umicore, Michelin
Issue	<ul style="list-style-type: none"> Member state rules on cross-border waste shipments vary, including across financial guarantees, notification assessments, timelines, clerical error flexibility, and language requirements. These differences hinder recycling growth, making imports of secondary and virgin materials cheaper than EU recycling.

Permitting for big infrastructure projects / renewables	
Name company	Iberdola, MOL
Issue	<ul style="list-style-type: none"> Renewables and green tech face persistent planning and permitting bottlenecks, which are complex, fragmented, and burdensome, especially for SMEs and start-ups operating across borders. In some member states (e.g. Estonia, Finland, Italy, or Sweden), delays can render projects economically unviable as technology becomes obsolete.

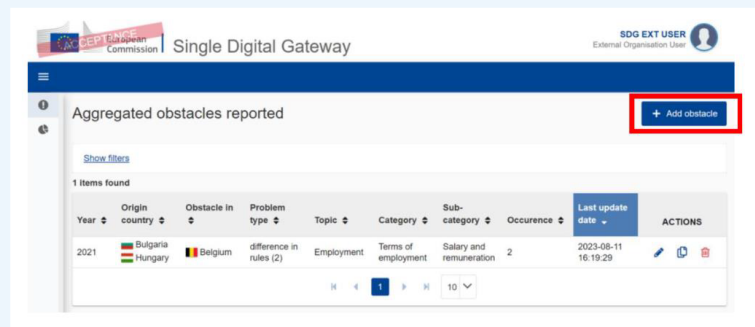


Establishing a clear follow-up procedure to tackle barriers is urgently needed



All examples that were compiled in the Compendium have been registered into the Commission's [Single Market Obstacles Tool \(SMOT\)](#) system (currently: Single Market Barriers Tracker) in the spring and summer of 2024.

It remains to be seen how the European Commission proceeds and uses this input, how much analysis is done and whether contributors will receive feedback.



Why is the lack of a clear follow-up procedure an issue?

- It discourages many businesses from providing evidence in the first place.
- This limits the EU Institutions' ability to gain a full understanding of all the issues and to develop and implement appropriate policy measures to address barriers.

ERT produced an analysis of the [shortcomings of the SMOT](#) and outlined recommendations as to how the system can be improved

Promoting the Single Market to the public



Video accessible on:

<https://www.youtube.com/watch?v=byosBfbyPbQ>

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ERT recommendations for the Single Market Strategy ERT

ERT Response to Call for Evidence by the European Commission (January 2025)

A comprehensive programme for harmonisation and simplification:

- a. An encompassing programme containing a set of horizontal and sector-specific strategies & policy initiatives to tackle **1.000+ barriers** related to fragmentation and cross-border obstacles.
- b. A **roadmap with milestones and a timeline until the end of this Commission's mandate** - and an **ambitious 2030 deadline** - for removing barriers.
- c. The implementation of the Strategy could best be achieved through a "**package deal**" approach. This would encourage all 27 EU Member States to engage in peer reviews, overcome their own defensive national interests, protectionist reflexes and "gold-plating" of EU legislation and thus facilitate the systematic removal of barriers.

Enhanced procedures and adequate staffing for implementation and enforcement:

- a. A streamlined process to identify, address and follow-up on barriers, until they are removed.
- b. A dedicated Directorate-General (e.g., DG MINT – “Market Integration”) or a “Single Market desk” within the European Commission with **100+ staff** dedicated to removing Single Market obstacles. This entity should, among other things:
 - i. Ensure adequate follow-up and provide feedback to organisations reporting cross-border barriers.
 - ii. Follow-up with EU Member States for the removal of barriers and make public the decisions and timelines required for removing barriers.
 - iii. Escalate politically sensitive or persistent obstacles to the Competitiveness Council or European Council for resolution.

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A reminder of the original impetus for the Single Market



“Europeans will judge the single market, quite rightly, on the freedom and the additional scope for initiative it gives them.”

Jacques Delors, European Commission President addressing the European Parliament on 12 February 1992

13 February 2025

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*The **European Round Table for Industry (ERT)** is a forum that brings together around 60 Chief Executives and Chairs of major multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open and competitive Europe as a driver for inclusive growth and sustainable prosperity.*

Companies of ERT Members are situated throughout Europe, with combined revenues exceeding €2 trillion, providing around 5 million direct jobs worldwide –of which half are in Europe –and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe.

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