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NOTE

From: General Secretariat of the Council
To: Council
Subject: Future of the EU Single Market
- *Information by Austrian delegation*

Delegations will find attached a note from the Austrian delegation with a view to the meeting of the General Affairs Council on 19 March 2024.

Explanatory note

For 30 years, the Single Market has been the basis for prosperity and growth in the EU. Today, we have to preserve these accomplishments while adapting rules and conditions to new global dynamics and challenges in order to secure European competitiveness in the long term.

The upcoming reports on the future of the EU Single Market and on the future of Europe's competitiveness, respectively, can provide important contributions to the debate on the Single Market and the next Strategic Agenda.

Against this backdrop, the Austrian Federal Ministers for EU and Constitution as well as for Labour and Economy have drafted a 10-point input paper outlining on which areas we should focus when discussing and shaping the future of our Single Market.

At the next General Affairs Council on 19 March 2024, Austria would like to present this 10-Point Plan to the Ministers.

Future of the EU Single Market - 10 Point Plan by AT

For 30 years, the Single Market has been the basis for prosperity and growth in the EU. It offers security, a large domestic market, a global stepping stone for our companies and broad availability of high-quality products and services. The Single Market is the basis for the EU's economic strength and has therefore given it international scope for action.

However, global dynamics require **new international framework conditions** in the Single Market. Established European companies are under strong competitive pressure. We have to further the development of the Single Market in order to secure **European prosperity and competitiveness in the long term**.

The Single Market needs **framework conditions** which remove obstacles instead of creating them. Measures should primarily bring benefits for European companies and citizens alike. Against this backdrop, we have to further integrate the Single Market, including the extensive Single Market rules, the state aid framework, the security and affordability of energy supply, the availability of strategically important and critical raw materials, technological change, but also training concepts.

The **open strategic autonomy** should serve as a guiding principle to strengthen the EU's long-term resilience and competitiveness and to eliminate economic deficits. It is important to do everything possible in order to promote the innovative power of our industries and SMEs particularly for the EU's twin transition to a sustainable and digital economy. Europe must once again become more self-reliant in its achievements, green investments and innovative technologies and benefit from quality products.

A **clear plan** is necessary to recalibrate the Single Market. It is particularly important to invest in the **global competitiveness** of the EU as business location - i.e. the Single Market - and at the same time to promote **industrial transition**. The Single Market of the future has to make it even easier for our companies to conduct their business in a simple and targeted manner in all EU member states - it has to boost the economy, not slow it down. In the future, companies should have to spend less resources on bureaucratic obligations by the EU, but should be able to fully focus on the development of their business activities and innovations.

At the same time, we should pay more attention to the concepts of **proportionality and subsidiarity**, especially in the regulatory framework of the Single Market.

Both, the **independent high-level reports**, as requested by the European Council in June 2023, **on the future of the EU Single Market** expected in April, as well as the report on the **future of Europe's competitiveness**, expected in Summer 2024, can provide important contributions to the debate on the future of the **EU Single Market and the next strategic agenda**.

Austria has identified **10 areas** on which we should focus when discussing the future of the Single Market:

Reduction of administrative burdens

- Implementation of the **25% reduction target concerning reporting obligations for companies** announced by the European Commission (should also be applicable to the existing EU legal framework and EU legislative proposals currently under negotiation);
- Review of all other reporting obligations with the aim of switching from obligations and penalties to **incentive systems**;
- Application of the **“one-in, one-out” principle**, **“once only” principle** and **“think small first” approach**, taking into account the possibilities for SMEs, in order to reduce the cumulative burden on companies and to eliminate duplication as well as avoid conflicting reporting requirements;
- Strengthening the **“Fit for Future” platform** to simplify and ensure the sustainability of EU legislation and to reduce administrative burdens and utilise the **possibilities of digitalisation**;
- Initiatives should be designed in order to avoid **competitive disadvantages**.

Strengthening of the enforcement of Single Market rules & development of a more efficient and future-oriented legal framework

- Strengthening the **standardised and efficient enforcement of the existing Single Market regulatory framework**: continuing the work of the **Single Market Enforcement Task Force**;
- Mandatory **ex-ante competitiveness check** when submitting new legislative proposals;
- **Simplifications in the Single Services Market** (e.g. posting of workers) using the possibilities of digitalisation and ensuring the highest possible labour, social, salary and environmental standards;
- Setting-up a **functioning Capital Market Union**;
- Institutional: Re-appointment of a European Commissioner in charge of **strategic foresight**, annual strategic foresight reports as a basis for the European Commission's programming and continuation of the EU-wide strategic foresight network in the new institutional cycle.

A competitive state aid framework as a driver for innovation in the Single Market

- Adaptation of the **EU state aid framework**: less restrictive funding criteria, for example for compensation for increased energy costs, and simplifying and accelerating of notification procedures while at the same time **preventing a subsidy race**, especially with **strategic partners**;
- “**Europe First**” in selected areas: **preferential treatment of EU products** (for strategically important goods) in public procurement;
- **Countering competition distorting measures** by third countries and continue to work towards a **rules-based global level playing field**;
- Expanding tools such as **Important Projects of Common European Interest (IPCEIs)** to **simplify procedures and encourage SME participation**; quick start of the work by the **Joint European Forum for IPCEI**, which was co-initiated by Austria.

Energy supply security: Competitive energy prices as a global competitive factor

- **Elimination of unilateral, unjustified barriers and unfair practices** in the Single Market (e.g. gas storage allocation);
- **Focus on renewable energies** including renewable gases and hydrogen, especially while implementing the **Net Zero Industry Act**;
- Ensuring security and affordability of energy through, above all, **diversifying natural gas suppliers**, improving and expanding the **European energy networks** and **optimizing the electricity networks** to meet the requirements for an affordable, efficient and flexible energy system (sufficient capacity of power plants and electricity grids, storage technologies) as well **increased use of domestic renewable sources** and improved **energy efficiency**.

Sustainable and net-zero transformation in the Single Market

- Rapid implementation of the **European Net Zero Industry Act** and the **Critical Raw Materials Act** and regular adaptation to economic and Single Market requirements;
- Focus on **shorter authorisation processes** and **rapid implementation of renewable projects**, targeted and efficient **state aid instruments for the transformation, financing through EU and EIB funds** as well as investments in **net-zero skills**;
- Ensuring the **availability** of and access to **critical raw materials** through a mix of increased recycling rates and availability of secondary raw materials, diversification in raw material supply chains and investments in sustainable mining in Europe; make use of Austria's special expertise (*Montanuniversität Leoben*, innovative entrepreneur culture).

Carbon management as an industrial policy requirement in the Single Market

- **Keep CO₂ pricing within a globally competitive framework** in order to avoid long-term carbon leakage from the Single Market;
- Implementation of **CCU (Carbon Capture and Utilization) / CCS (Carbon Capture and Storage) projects** in close coordination with regional, strategic partners, such as Norway;
- **Coordinated approach to expanding and building a CO₂ transport infrastructure** in Europe;

- Monitoring the application of **the Carbon Border Adjustment Mechanism (CBAM)** and its **negative effects** on competitiveness in order to quickly take appropriate countermeasures.

Preparedness in the Single Market - value chains and strategic structures

- Promoting **European industrial production** and full integration of European industry along the raw materials value chain;
- Limiting **market interference to a minimum** - this applies in particular to EU legislative acts such as the Single Market Emergency Instrument (SMEI/IMERA);
- Focus on **securing supplies and supply chains** with important raw materials and primary / intermediate products;
- Strengthening the **coherence and coordination of data** between supply chain monitoring systems at national (**Austrian Supply Chain Intelligence Institute (ASCI)** founded in 2023) and at European level (**SCAN - Supply Chain Alert Notification; Chief Economists Monitoring System - DG GROW**);
- Coherent **crisis definitions** for **crisis instruments** in the Single Market.

People in the Single Market - skills, skilled workers, vocational training

- Sharing **best practices** and **measures** to address labor shortages such as improving green and digital skills; making Europe more attractive for international talent, taking national competencies and special characteristics into account;
- Design of an **instrument for the certification and uniform assessment of qualifications** across borders - a **passport of core competences**, similar to the Bologna process, recognized in all Member States;
- Use of the **European employment agency EURES** to strengthen the free movement of workers;
- Creating an **environment** conducive for skilled workers, among other things by **combating hate speech, anti-Semitism and racism as well as expanding relevant contact points**.

External dimension of the Single Market - economic security and technological sovereignty of Europe

- Implementation of the **European Strategy for Economic Security** and associated measures, for example in the areas of **export control** (dual-use regulation) and investment control (FDI screening regulation);
- Ensuring **Europe's technological sovereignty** in strategically important sectors: through **intensifying research and innovation activities** with a focus on key technologies;
- Promoting commercialisation and scaling of key technologies and expanding access to financing for SMEs, start-ups, scale-ups and spin-offs with high-risk innovation projects;
- Strengthening the **strategic foresight capacity** at EU level to identify current and future strategic or critical technologies and assess the EU's ability to access these technologies;
- **Establishment and expansion of sustainable and fair trading partnerships;**
- Conscious application of the **EU's global projection power** in the sense of a *global standard setter* in conjunction with like-minded partners;
- **Gradual integration of the Western Balkans into the Single Market**, in particular rapid conclusion of the negotiations on the **Growth Plan for the Western Balkans**.

Rule of law in the economic dimension

- Greater consideration of the **economic dimension** in the **rule of law mechanism** by including a separate economic chapter in the European Commission's rule of law report;
 - **Expansion of the capacities of the judiciary, but also of extrajudicial dispute resolution mechanisms**, in order to ensure legal certainty.
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