



Mr Michel Barnier
Commissioner for the Internal Market and Services
European Commission
200 Rue de la Loi
1049 Bruxelles

31 August 2012

Dear Commissioner,

BUSINESSEUROPE stands firmly behind the single market and has always been fully committed to making it work better for a more competitive Europe.

The single market is the most important driver for renewed growth, innovation and job creation, and our primary tool to get Europe out of the crisis and increase its global competitiveness. However, the EU needs to remove remaining barriers and address decisively outstanding challenges to unleash its full potential.

In this regard, we appreciate the considerable efforts that the Commission and you in particular have made to table the proposals announced in the Single Market Act swiftly.

Building strong political support is crucial to make a success of this second round of measures to be announced in the Single market Act 2 (SMA 2) and further improve the functioning of the single market. This requires strong cooperation and continuous dialogue with Member States, the other EU institutions and relevant stakeholders. Respecting the smart regulation principles, early stakeholder involvement and comprehensive impact assessments are essential in this respect.

On our side, on the occasion of the 20th anniversary of single market and ahead of the Single Market Week, we will publish a brochure showing the achievements of the single market and the concrete benefits created for companies, while also providing recommendations for improvement.

In view of this new round of measures, we would like to stress the following:

- The European Commission is right to concentrate its efforts on the areas of the single market with the highest potential for growth, i.e. the key service sectors, transport, the digital economy and energy, as set out in its governance Communication of 8 June.
- The selection of measures to be included in the SMA 2 should be based on economic evidence and have the greatest positive impact on growth and global competitiveness, while improving the overall functioning of the single market.
- Focus on what is needed to further integrate the single market and improve its functioning is key. This often does not require introducing new legislative measures, but rather ensuring that the rules in place work better in practice and are correctly applied in all Member States. This is absolutely crucial for the overall functioning of the single market and to deliver the growth and jobs that Europe urgently needs.



- Therefore, the right balance should be struck between measures to further improve the implementation and enforcement of existing rules, and new policy initiatives.
- It is essential to ensure that new EU initiatives do not have unintended negative consequences on cross-border trade and that they do not go against well-accepted social goals, such as the sustainability of pension systems. In line with this, a revised IORP Directive should not apply Solvency II requirements to pension funds. This would raise the cost for employers to provide their workers with occupational pensions, harming retirement provision across the EU.
- Ensuring good governance of the single market is another key element for its functioning. It implies ensuring timely transposition and effective implementation of well designed legislation, but also better monitoring and showing results in a transparent fashion, for example through the Internal Market Scoreboard, annual reports or country specific recommendations linked to the European Semester.

In particular, we call for the following to be reflected in the SMA 2:

- **Services:**
 - Establish a well-functioning single market for *all* service sectors. In particular, fully implement, apply and enforce the services directive in all Member States, which alone can bring additional gains up to 1.8% of EU GDP (about €330 bn).
 - Remove urgently all remaining burdensome, discriminatory and unjustified national requirements applicable to service providers, such as residence requirements or economic needs tests, and avoid the introduction of new ones.
 - Modernise and further simplify administrative procedures for service companies through better functioning Points of Single Contact, which positively affects the creation of new business and can provide gains up to 0.21% of EU GDP.
 - Reduce the number of regulated professions, prioritising the professions and sectors which have the largest growth potential and are most regulated or only regulated in one Member State.
 - Ensure easier and faster recognition of professional qualifications in the EU.
- **Digital economy:**
 - Create a good digital environment for business, in order to allow companies to create and offer products in a user-friendly manner throughout the EU, and improve accessibility through wide coverage of a robust high-speed broadband infrastructure.
 - Boost consumer confidence and business trust in cross-border e-commerce by addressing the excessive fragmentation of applicable rules (e.g. different VAT regimes, data privacy, payment systems, consumer protection and product information), and apply an “e-commerce test” to all relevant new legislation, both at EU and national level.



- Tackle the challenges relating to online payments, delivery, interoperability and mutual trust simultaneously, including by ensuring the availability of efficient dispute-solving mechanisms.
- Reform the copyright system in order to create a real single market in this area, including for cross-border licensing and collective management of rights.
- Promote the development of e-procurement, to improve efficiency, transparency and competition. Its current take-up is slow with no more than 5% of EU procurement procedures allowing for electronic processing.
- **Transport:**
 - Ensure a high level of public commitment, including sufficient funding at both EU and national level.
 - Build on market-based solutions to guarantee access to all transport markets and eliminate barriers due to different national regulations.
 - Promote the implementation of the Single European Sky II
- **Energy:**
 - Develop a comprehensive, predictable and affordable energy policy which promotes cross-border trade and investment, and enhance financial risk-sharing facilities to leverage the €200 billion investment in energy infrastructure needed by 2020.
 - Remove regulatory barriers, incentivise new entrants through the full implementation of the energy liberalisation packages and enforce coordination of market rules.
 - Ensure overall policy coherence by strengthening the coordination of energy and climate policies at EU level

We trust that you will take our comments into account and remain at your disposal to discuss the future of the single market and SMA 2 further with you and your services.

Yours sincerely,

Philippe de Buck