



## THE SINGLE MARKET – Our cornerstone for growth

- BUSINESSSEUROPE has always been a **strong supporter of the single market** as it is our main driver for growth and job creation. It adds almost €600 billion a year to our economy and it has helped create almost 3 million new jobs in Europe. It is also the springboard for successfully competing globally.
- The effectiveness of the single market directly impacts the strength of our economy and therefore European competitiveness. Single market policy is interlinked with many other EU policies and directly affects these areas. The other way around, developments in international trade, social policies and Europe's industrial strategy directly impact the functioning of the single market.
- Yet, we see that companies are still facing obstacles when providing goods and services across borders. Removing barriers to the free movement of people, goods, services and capital could bring economic gains up to €235 billion per year over a 10 year period.

## STRATEGIC RECOMMENDATIONS

- 1 Less legislation but better implementation, application and enforcement of existing rules.** This will improve stability and legal certainty for companies, needed to trigger investment. For example, better implementation of the Services Directive alone can bring additional gains up to 1.8% of EU GDP. Also, many obstacles still result from bad implementation or misinterpretation of existing consumer rules.
- 2 Remove remaining barriers and further harmonise and streamline national rules in limited areas,** such as e-commerce, data protection, VAT and transport. More harmonisation can also be achieved through European standards where market demand exists to replace diverse national standards.
- 3 Promote mutual recognition:** In areas where full harmonisation is not desirable or feasible, mutual recognition can improve the functioning of the single market. This principle should be respected and more widely applied in all areas of single market policy.
- 4 Improve the governance of the single market,** by ensuring convergence of various initiatives in different policy areas towards strengthening the single market, and maintaining consistent reporting and benchmarking.

### KEY FACTS AND FIGURES

EU countries currently trade twice as much with each other as they would do in the absence of the single market.

Incomes of Europeans would be roughly 5% lower today without the single market.



## FOCUS AREAS

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- **Infrastructure - a fully connected single market:** Effective and integrated infrastructure networks across the single market heavily contribute to the framework conditions for European competitiveness. The capacity of transport, digital and energy networks determines the limits of trade flows and needs to be adapted to future needs.
- **Digital - developing the digital single market and cross-border e-commerce:** A dynamic digital single market is a key component for reinvigorating the single market and creating new growth. Europe could add 4% to its GDP by 2020 by stimulating its fast development. Digital can drive up productivity and innovation in many “traditional” sectors and benefit society as a whole. Remaining barriers hampering cross-border e-commerce need to be addressed rapidly, from fragmented consumer legislation - such as divergent guarantee periods - to issues with cross-border payments, delivery and VAT.
- **Services – address also practical/non-legal barriers:** challenges outside the scope of the 2006 Services Directive still need to be resolved. This is the case for insufficient recognition of professional qualifications, the high number of regulated professions, conflicting national standards, double-insurance issues, strains on company mobility and other hurdles that hamper free movement.
- **Public procurement - more cross-border:** the implementation of the new public procurement framework should emphasise transparency, market openness and competitive tendering.
- **Goods - removal of remaining obstacles:** Europe should address remaining (national) barriers such as burdensome and unnecessary requirements on testing or documentation, overly complex legislation and uneven application of rules. An effective market surveillance system should be developed, by improving cross-border cooperation and controls at external borders to keep harmful products off the market, without adding disproportionate and ineffective obligations on companies.
- **Capitals:** further integration of financial markets must remain a core objective. Not only because integrated markets would act as a buffer in the face of financial turmoil but also because they are key for reducing the cost of financing whilst encouraging cross-border trade and investment.
- **Mobility of people:** The EU is best placed for providing a framework for cross-border mobility, while allowing flexibility to adapt to different national situations. For instance, recognition of professional qualifications is key as the free movement of labor is often a prerequisite for cross-border service provision and establishment abroad. Mobility can simultaneously benefit workers and enterprises, by ensuring the right conditions for people to move around for jobs across the single market.

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