



*European Economic and Social Committee*

**INT/876**  
**Single Market Communication**

## **OPINION**

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions**

**The Single Market in a changing world**

**A unique asset in need of renewed political commitment**

[COM(2018) 772 final]

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Referral	Commission, 18/02/2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	02/04/2019
Adopted at plenary	15/05/2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	153/1/1

## 1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the Commission's strong message on reinforcing the Single Market and the need for commitment from all Member States and citizens. The Single Market requires a balance between peoples' expectations and coordinated policies to adapt Europe to the different challenges imposed by globalisation, new trends and technological progress.
- 1.2 The EESC calls for a Single Market that is the same for all EU countries, and which must be perceived as an opportunity to reassert European values, fundamental rights and duties in order to achieve progress and welfare for all Member States and citizens.
- 1.3 A smooth but concrete integration process is a huge reason to avoid and combat the menace of protectionism, individualism and extremist societies. The fundamental achievements of the Single Market must be better communicated among citizens and Member States.
- 1.4 There are good examples of how European citizens benefit from the Single Market, based on the efforts and commitment of different actors. Values like liberty, economic growth, democracy, peace, science and innovation, political stability, consumers and social rights must be present in citizens' mindset as a result of a process that started 60 years ago. The difficulties in achieving these values cannot be forgotten but should become lessons learned for the future.
- 1.5 The EESC reiterates its support for limiting state aid and fighting against abuse of dominant positions, emphasising the difficulties that European companies have competing on global markets with oligopolies or monopolies, which are state-owned in certain cases.
- 1.6 The EESC also highlights the crucial role of the Single Market as a tool to boost a more ambitious European industrial strategy with clear objectives for 2030. More inclusive and broad Single Market integration on the margins of a truly European industrial strategy should also be a top priority for the next European Commission with focus on more investment in innovation and technologies, a more flexible and user-friendly regulatory framework to compete on a global scale but without forgetting respect for the rules and sustainable procedures of healthy global competition.
- 1.7 The EESC reiterates its call to develop the social dimension of the European Union with the aim of fostering quality job creation, improving skills and competences, increasing social investments and developing the social economy, with the emphasis on socially responsible companies, as well as preventing poverty, inequalities, discrimination and social exclusion, with special emphasis on the inclusion of young people in society. The EESC considers it appropriate that social policies be implemented to deal with this situation, which causes disaffection towards the EU, increased populism and the proliferation of xenophobia in sectors of the population.
- 1.8 The EESC notes that in spite of a huge effort regarding the implementation and the application of Single Market rules, facts show<sup>1</sup> that national measures may lead to disproportionate burdens

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<sup>1</sup> COM(2018) 772 final, Chapter 2.1.

on citizens and businesses. For the EESC, it is a priority to call on the Member States to avoid these practices.

- 1.9 The EESC has supported the digital economy over years, aware that the future of the Single Market is linked to it. The EESC agrees with the Commission that General Data Protection Regulation (GDPR)<sup>2</sup> is essential to ensure trust in the Single Market for personal data but additional measures for a better, clear and user-friendly framework must be taken to avoid unnecessary burdens and misunderstandings. This is also critical to increasing mobility for a better services sector that is growing and with a major significance for economic growth and new jobs. A growing services sector and an increasing shortage of competence require a better functioning Single Market.
- 1.10 The EESC endorses the objective of establishing an enabling framework for the transition towards a circular model and reiterates that a sound system for financing sustainable growth, with a long-term approach, is the key driver for restoring trust in the markets and connecting savings to sustainable investments.
- 1.11 The EESC welcomes the clear progress in transforming the European Stability Mechanism (ESM) into a European Monetary Fund, which could offer liquidity in a precautionary manner, thus reducing conditionality programmes. However, to tackle future dangers in the financial system the EESC supports the search for consensus among the Member States on the completion of the Banking Union. The delivery of fully integrated financial markets and the Capital Markets Union should also remain high on the agenda.

## 2. Background

- 2.1 With the Single Market Strategy<sup>3</sup>, the Capital Markets Union<sup>4</sup> and the Digital Single Market Strategy<sup>5</sup>, the Commission has put forward an ambitious and balanced set of measures over the last four years to deepen the Single Market further and make it fairer.
- 2.2 Several proposals have already been adopted, but the European Parliament and the Council still have to agree on 20 out of the 67 proposals set out in these strategies.
- 2.3 In March 2018, the European Council asked the Commission to assess the state of play of the Single Market regarding the implementation, application and enforcement of existing legislation, as well as the remaining barriers and opportunities for a fully functioning Single Market.

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<sup>2</sup> [OJ L 119, 4.5.2016, p. 1.](#)

<sup>3</sup> COM(2015) 550 final, [OJ C 177, 18.5.2016, p. 1.](#)

<sup>4</sup> COM(2015) 468 final, [OJ C 133, 14.4.2016, p. 17.](#)

<sup>5</sup> COM(2015) 192 final, [OJ C 71, 24.2.2016, p. 65.](#)

2.4 This Communication is adopted in conjunction with the Annual Growth Survey<sup>6</sup> and a Communication taking stock of the Investment Plan<sup>7</sup>.

2.5 In the context of the Digital Single Market Strategy, the Commission has put forward a number of initiatives to tackle the biggest barriers to e-commerce. Several of these have already been adopted on Geo-blocking<sup>8</sup>, Cross-border parcel delivery services<sup>9</sup>, Value Added Tax for e-commerce<sup>10</sup> and Consumer Protection Cooperation<sup>11</sup>.

2.6 Online platforms have become prominent players in the Single Market, enabling more than one million businesses to reach customers across the Union. The Commission put forward a proposal on new harmonised rules for "Platforms to businesses" practices<sup>12</sup> which was agreed at political level by the EP and the Council in February 2019.

### 3. **General comments**

3.1 The EESC supports Commission's strong message on reinforcing the Single Market, which is a major achievement and a key element of the European integration process. It should represent a cornerstone of prosperity in Europe.

3.2 The introduction of the euro and the Schengen agreement were critical junctures on the path towards completing the Single Market. At the same time there are still a lot of differences between Member States that need to be addressed. A strong commitment is needed from all Member States to change this situation and keep them together.

3.3 The Single Market requires a balance between peoples' expectations and coordinated policies to fulfil the permanent need to adapt Europe to the different challenges imposed by globalisation, new trends, technological progress and digitalisation.

3.4 The Single Market - offering access to more than 512 million consumers - is a clear success: regulatory obstacles have been removed for over 80% of industrial products through the adoption of common rules, but this process cannot be taken for granted. The differences between Member States' commitment and the need to better implement the related legislation must be a political priority. The Single Market must also cover online retailers.

3.5 The Commission's admission that there is a need to agree on legislative proposals and to close the gap between rhetoric and delivery is a good sign. Member States need to realise this as an "every day process".

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6 COM(2018) 770 final.

7 COM(2018) 771 final.

8 Regulation (EU) 2018/302.

9 Regulation (EU) 2018/644.

10 Directive (EU) 2017/2455.

11 Regulation (EU) 2017/2394.

12 COM(2018) 238 final.

- 3.6 The complete integration of the Single Market will never be accomplished unless Member States realise the proper value of the process and communicate about it with their citizens. The achievements must be highlighted by the political leaders with a positive message for peoples' welfare.
- 3.7 The European project is based on peace, prosperity and social development. The costs of "no Europe" must be present as reminder to those having doubts. European citizens must value the achievements to take an active role in the process avoiding misunderstandings and radicalism. The Single Market process has been contributing to Europe's development and could be used as a good example to promote European values.
- 3.8 There can be no Single Market if "dual" quality products are being sold within that market – in other words if products supplied under the same brand name are of a different quality (with fewer high-quality ingredients) when supplied to new EU countries compared with products sold in the old EU countries. The EESC considers this practice to be unacceptable.

#### **4. Specific comments**

##### **4.1 The Single Market as a communication tool for European values and achievements**

- 4.1.1 The EESC believes that a common language must be used to better communicate the Single Market's achievements. Facts should be valorised such as citizens' mobility for leisure and labour reasons, financial services or even, social aspects regarding security and labour opportunities or consumer protection.
- 4.1.2 The EESC considers that there is a narrative among a few undermining the European development process. That narrative is supported by exposing the differences between Member States and single facts that do not translate the complete reality of the Single Market. It is crucial to avoid and combat this kind of speech among the citizens, simply as integration policy is very dynamic and runs with different paces. The overall result must be highlighted and the need to avoid inequalities at different levels (economic, social, educational, etc.) must be a priority.

##### **4.2 More opportunities and benefits for citizens**

- 4.2.1 EU competition policy and EU consumer policy have played an important role in the development of the Single Market. For consumers to reap its benefits, the Single Market should work effectively and consumers must be able to trust goods and services, both online and offline and whether provided locally or by another Member State. The Member States must ensure that businesses comply with competition and consumer protection rules and that there is no discrimination against competitors to the detriment of consumers' welfare.
- 4.2.2 The EU Competition Policy - which has worldwide prestige - has played an important role in the development of the Single Market. As the EESC has stressed over the years, the limitation of state aid and the fight against abuses of dominant positions have led to the dynamism of the EU market and benefited consumers and businesses.

4.2.3 In terms of competition rules, online retailers must also comply with the Single Market, and the position of international companies has to be determined.

#### 4.3 **Benefits for businesses**

4.3.1 The Single Market offers entrepreneurs a rule-based, open, multilateral trading system, ensuring access to international value chains.

4.3.2 The aim of the Capital Markets Union is to mobilise capital in Europe and channel it to all companies, infrastructure and sustainable, long-term projects, with positive employment effects<sup>13</sup>.

4.3.3 However, there is a long way to go: European companies rely far more heavily on bank lending than US companies.

4.3.4 The scale of the Single Market means that the Union is in a position to shape the rules-based, open and multilateral trading system. Businesses from third countries need to comply with Union legislation to access the Single Market, including in the fields of health, environment, food and product safety, and consumer protection.

4.3.5 The EESC emphasises the difficulties that European companies have when competing in global markets with oligopolies or monopolies, which are state-owned in certain cases. Examples of this are the railway industry, air transport, windmill towers and others, where European companies face ferocious competition (from third-country companies, notably China).

#### 4.4 **The social dimension**

4.4.1 The EESC has already called on the Commission to develop the social dimension of the EU with the aim of fostering quality job creation, improving skills and competences, increasing social investments and developing the social economy, as well as preventing poverty, inequalities, discrimination and social exclusion, with special emphasis on the inclusion of young people in society.

4.4.2 There is somehow a perception that employees have been the big losers of the economic crisis, which has resulted in increased unemployment and poverty, stagnation or a fall in real wages and cuts in social benefits. The EESC considers it appropriate that social policies be implemented to deal with this situation, which causes disaffection towards the EU, increased populism and the proliferation of xenophobia in sectors of the population. While the consequences of that crisis are far from over, research by the European Trade Union Institute (ETUI)<sup>14</sup>, says that workers in nine Member States earned less in 2017 than in 2010. The EESC

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<sup>13</sup> [OJ C 81, 2.3.2018, p. 117.](#)

<sup>14</sup> Benchmarking Working Europe 2018.

recalls that in six EU-Member States there are no mandatory minimum wages, while in others they are very low<sup>15</sup>.

4.4.3 The EESC welcomes the progress on the adaptation of the European Accessibility Act to promote the rights of people with disabilities and encourages Member States to be ambitious and balanced in the transposition phase. The EESC also calls on the next Commission to put forward a European Action Plan for the social economy sector, which provides a level playing field for social economy enterprises and fosters the development of the sector.

#### 4.5 **Implementing and applying Single Market rules more efficiently**

4.5.1 The EESC notes that in spite of a huge effort regarding the implementation of Single Market directives, facts show<sup>16</sup> that national measures may lead to disproportionate burdens on citizens and businesses<sup>17</sup>. This is something that must be especially addressed by the Member States and new tools to avoid this must be a priority.

4.5.2 The EESC highlights that recent signals related to the implementation of EU legislation "have not always been encouraging", which requires more commitment from Member States.

#### 4.6 **Exploiting the full potential of the Single Market**

##### 4.6.1 *The digital single market and services economy*

The EESC has supported the digital economy over the years, aware that the future of the Single Market is linked to it<sup>18</sup>.

For that reason, the EESC warmly welcomes the political agreement<sup>19</sup> on the first-ever Digital Europe programme 2021-2027<sup>20</sup> with an overall budget of EUR 9.2 billion to shape and support the digital transformation of Europe's societies and economies, ensuring the wide use and deployment of digital technologies across the economy and society, in order to strengthen  
4.6.1.1 European industrial technological leadership.

As the services sector increasingly contributes to the global EU economy<sup>21</sup> and job creation in  
4.6.1.2 the EU, it is more necessary than ever to fully exploit the potential of this sector, particularly since the estimated gain of this sector is considerable<sup>22</sup>.

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15 European Foundation for the Improvement of Living and Working Conditions.

16 COM(2018) 772 final, Chapter 2.1.

17 See the French initiative <https://ue.delegfrance.org/suppression-de-sur-transpositions>.

18 4.6.1.3 [OJ C 71, 24.2.2016, p. 65](#); [OJ C 440, 6.12.2018, p. 57](#); [OJ C 75, 10.3.2017, p. 119](#); [OJ C 125, 21.4.2017, p. 51](#); [OJ C 288, 31.8.2017, p. 1](#); [OJ C 81, 2.3.2018, p. 102](#).

19 IP/19/528.

20 COM(2018) 434 final, [OJ C 62, 15.2.2019, p. 292](#).

21 The services sector is currently the most important sector in the EU, making up approximately 75% of EU GDP.

22 See COM(2018) 772 final: Commission communication on *The single market in a changing world*, point 3.4.

#### 4.6.2 *European data economy*

The main issue for the Single Market is to build a Europe-based data eco-system as an indispensable vector of economic and social progress, as well as robust competitiveness in a world that is in the process of radical transformation with strong competitors in the US and Asia. In order to foster connectivity and storage opportunities, public-private investment in infrastructure is greatly needed across the continent<sup>23</sup>.

The EESC agrees with the Commission that GDPR<sup>24</sup> is essential to ensuring trust in the Single Market for personal data<sup>25</sup>, but the proposed Regulation on Privacy and Electronic Communications<sup>26</sup> must be clarified so as to ensure the application of the Charter of Fundamental Rights and human rights (Articles 5, 8 and 11), as well as the possibilities for restriction introduced by national legislation<sup>27</sup>.

#### 4.6.3 *Circular economy and sustainable finance*

##### 4.6.2.2

The Committee endorses the objective of establishing an enabling framework for the transition towards a **circular model** covering the entire lifecycle of products<sup>28</sup>.

A sound system for financing **sustainable growth**, with a long-term approach, is an important driver for restoring trust in the markets and connecting savings to sustainable investments. The EU Action Plan<sup>29</sup> on this issue must promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all (Sustainable Development Goal 8)<sup>30</sup>.

#### 4.6.4 *Products and services markets*

##### 4.6.3.2

The standardisation model places the EU as a world leader. The EESC highlights the work of the Commission in this area. The uniformity and consistency of the body of European standards is ensured through the underlying principle of "one standard, one test - accepted throughout Europe". This provides businesses with investment, as well as legal and financial security<sup>31</sup>.

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<sup>23</sup> [OJ C 345, 13.10.2017, p. 130.](#)

<sup>24</sup> [OJ L 119, 4.5.2016, p. 1.](#)

<sup>25</sup> [OJ C 229, 31.7.2012, p. 90.](#)

<sup>26</sup> COM(2017) 010 final.

<sup>27</sup> [OJ C 345, 13.10.2017, p.138.](#)

<sup>28</sup> [OJ C 230, 14.7.2015, p. 91.](#)

<sup>29</sup> COM(2018) 97 final; [OJ C 62, 15.2.2019, p. 73](#); [OJ C 62, 15.2.2019, p. 103](#); [OJ C 62, 15.2.2019, p. 97.](#)

<sup>30</sup> [OJ C 62, 15.2.2019, 73.](#)

<sup>31</sup> [OJ C197, 8.6.2018, p.17.](#)

The "Clean Energy for all Europeans" package aims to accelerate, transform and consolidate the EU economy's clean energy transition, while retaining the important goals of economic growth and job creation<sup>32</sup>.

After the Fourth Rail Package (2013)<sup>33</sup>, the Sixth Rail Market Monitoring Report (RMMS)<sup>34</sup>, shows that the total length of the EU rail network has increased.

4.6.4.2 "5G for Europe: an Action Plan"<sup>35</sup> addresses one of the most critical elements of digital economy and society; commercial services will be provided in 2020. In the EESC's view, the key factors will be the success of projects rolled out during the research phase of the 5G-PPP and integrating fronthaul and backhaul networks when transmitting data through high-capacity

4.6.4.3 switches, heterogeneous transmission links and cloud-processing units using several internet providers<sup>36</sup>.

#### 4.6.4.4 *More integrated capital markets and a fully-fledged Banking Union*

After the measures adopted as a result of the financial crisis, European banks are now in a better position to face future turbulence. The EESC welcomes the clear progress in transforming the ESM into a European Monetary Fund, which could offer liquidity in a precautionary manner, thus reducing conditionality programmes.

However, to tackle future dangers in the financial system the EESC supports the search for consensus among the Member States on establishing a strong Banking Union, focused on measures that can bring more confidence to citizens and companies.

4.6.5.1

#### 4.6.6 *Reducing administrative burden and facilitating tax compliance*

Modern company law rules in the EU are vital for the Single Market. In that sense the Package on European Company Law constitutes a comprehensive approach, aiming to balance and protect the legitimate interests and needs of all stakeholders, SMEs, minority shareholders, creditors and employees<sup>37</sup>.

The exigence of unanimity in the Council makes the adoption of common rules in certain aspects of taxation more difficult, especially in relation to the Common (Consolidated) 4.6.6.1 Corporate Tax Base, the (CCCTB) and a single EU Value Added Tax (VAT). The EESC also endorses the VAT reform package<sup>38</sup>.

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~~4.6.6.2~~ [OJ C 246, 28.7.2017, p. 64.](#)

33 [OJ C 327, 12.11.2013, p. 122.](#)

34 COM(2019) 51 final.

35 COM(2016) 588 final.

36 [OJ C 125, 21.4.2017, p. 74.](#)

37 [OJ C 62, 15.2.2019, p. 24.](#)

38 [OJ C 237, 06.07.2018, p. 40.](#)

#### 4.6.7 Sustainable mobility

Four out of every ten European drivers surveyed<sup>39</sup> said that they expect that the next car they buy will be electric. Clean car standards and electric vehicle (EV) incentives will help Europe's automakers remain competitive in the rapidly electrifying global market.

The EESC welcomes the European Battery Alliance as a good example of a strategic value chain in Europe. However, much more effort is necessary because European brands largely lag behind Asian and US manufacturers in the race to deliver mass-market plug-in vehicles.

##### 4.6.7.1

#### 4.7 The way forward

4.7.1 The European Semester process has to be used as one of the tools to move more efficiently and swiftly towards a better Single Market where appropriate.

4.7.2 Member States can profit from a more inclusive dialogue based on civil society's expectations. The European Semester is part of this dialogue and the ability of Member States to benefit from 'country specific recommendations' that can improve - not impose - national reforms seems to be a crucial step in achieving success and involving society.

4.7.3 The efforts to support the Single Market's achievements must be present in all Member States' policies and commitments, with citizens' participation and societies' engagement. It is crucial to ensure that effective communication between citizens and "the European project based on the Single Market" are Member States' priorities. By doing this, European leaders will contribute to avoiding extremism and radical action against a Single Market.

4.7.4 The EESC welcomes the Commission's calls and invitations to the European Council, especially the one to ensure that the Council works swiftly with the European Parliament to adopt as soon as possible the legislative initiatives under the Single Market Strategy, the Digital Single Market and the Capital Markets Union and Banking Union<sup>40</sup>.

Brussels, 15 May 2019

Luca JAHIER

President of the European Economic and Social Committee

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<sup>39</sup> <https://www.euractiv.com/section/electric-cars/opinion/dont-let-european-automakers-lose-the-race-to-electrification>.

<sup>40</sup> COM(2018) 772 final.