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The Good, the Bad and the Ugly of the 2014-19 EU Term

An overview of the outgoing EU term from a business perspective

EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 98% of which are SMEs – through members in 43 countries and a European network of 1700 regional and local Chambers.

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The Good

Single Digital Gateway

Why good? A response to a real need of entrepreneurs to access more easily information about doing business across borders in the EU and to allow administrative procedures to be completed online, thus improving efficiency and reducing the time businesses spend on administrative tasks: a red tape cutter!

Fairness in Platform-to-Business Relations

Why good? A balanced proposal, based on a pragmatic assessment of the current situation. It is a step towards common and transparent business practices and thus towards ensuring fairness in the Digital Single Market and a level playing field for small & medium sized enterprises (SMEs) vis-à-vis platforms.

EU-Canada, EU-Japan, EU–Singapore, and EU-Vietnam Free Trade Agreements

Why good? These FTAs further consolidate the EU's competitive position in Asia and North America and open new opportunities for European businesses in some of the world's top growth centres. Critically, they must be flanked with effective delivery measures at home, which is why EUROCHAMBRES has called for action plans to accompany major EU FTAs.

Erasmus 2021-2027 programme proposal

Why good? Tripling the overall budget and significantly increasing the allocation to vocational education & training are positive and decisive measures to address skills mismatches, increase mobility and boost youth employment.

European Framework for Quality and Effective Apprenticeships

Why good? This framework provides a valuable basis from which to enhance the delivery of apprenticeship schemes across member states; it strikes a good balance between ensuring the quality of apprenticeships and cost-effectiveness for companies.

Long-term Climate Strategy: A Clean Planet for all

Why good? Instead of proposing new emission reduction goals, the strategy sets out potential pathways to reach Paris-compatible objectives by 2050, based on scenarios of varying combinations of technologies. It provides a solid basis for a business-minded long-term framework for European climate policy that co-legislators should endorse.

Goods Package

Why good? International e-commerce has fundamentally changed since the last regulation on product safety. The Goods package ensures in particular that fulfilment centres will be subject to the same product safety obligations as retailers. This will lead to fairer competition and more product safety for consumers.

Promoting SME Growth Markets

Why good? Enhancing SME access to public stock exchanges is a key aim of the Capital Market Union strategy and should boost growth by allowing entrepreneurs to diversify their financing and reduce bank dependency. This regulation amends the Prospectus and Market Abuse (MAR) Regulations in order to reduce red tape and compliance costs for SMEs. This is welcomed and we will monitor its impact.

The Bad

Geoblocking

Why bad? This creates a *de facto* obligation on any online trader to sell throughout the EU. Even if there is not an obligation to deliver, this is a significant precedent and an exception to the freedom of contract.

New Deal for Consumers

Why bad? The stance of the European Parliament disregards the impact that certain rules have on businesses, especially the 14 day right of withdrawal for online purchases, where the Commission proposal should have been maintained. The individual rights of consumers to terminate contracts or for compensation for damages are not coherent with existing directives. Furthermore, the proposal on collective redress does not even fulfil the 2013 recommendations of the Commission and – despite European Parliament amendments - lacks important safeguards against abuse.

Services e-Card

Why bad? Although not perfect and lacking in ambition, the idea of the Commission to introduce home country contact points is well-founded, coherent with the 'only once' principle and would remove many unjustified obstacles to the provision of services across borders. Regrettably, the proposal was too much for the European Parliament, which blocked it and sent the EU back to square one in enabling the free movement of services. More fundamentally, this proposal would not have been necessary at all if existing law were applied and implemented correctly by member state authorities.

Notification procedure under the Services Directive

Why bad? A good proposal from the Commission to improve the notification process for regulatory measures relating to both the establishment of a service provider in a member state and the cross-border provision of services. Supported by the Parliament, it proved unacceptable to the member states, further revealing an often superficial support for the Single Market from national authorities.

Cross border transformation

Why bad? Although intended as a simplification measure, the proposal for cross border conversions, mergers and divisions is an accumulation of multiple provisions from all involved jurisdictions and member states. This will lead to considerable additional costs for cross-border mergers and to further legal uncertainty.

General Data Protection Regulation

Why bad? The regulation creates enormous compliance costs and legal uncertainty for European companies, especially SMEs.

Green Action Plan for SMEs

Why bad? Lacking either direction or new ideas, the Green Action Plan is of no added value. The actions proposed are not sufficiently specific or practice-oriented to bring tangible benefits to SMEs. With the overall mainstreaming of environmental and climate considerations across EU policy, there is simply no need for another action plan like this.

Directive on the reduction of the impact of certain plastic products on the environment

Why bad? Any ban on products should be a measure of last resort. Taking into account that the EU is the source of only 2% of marine litter (the significant reduction of which is the goal of the directive), it is questionable whether this legislation will deliver on its intentions or merely constrain the competitiveness of the European plastics sector.

The Ugly

Brexit

Why ugly? Notwithstanding the broader implications of the departure of the UK from the EU, Brexit is an economic blow to Europe. The unity and coherence of the Commission, Parliament and member states during the negotiations is very much welcomed. An encouraging by-product of the withdrawal process has been the manner in which it has galvanized support for the EU across many of the remaining 27 member states. This must be capitalized on during the 2019-24 term in mapping and pursuing a positive and ambitious agenda for the future of Europe.

Rising protectionism

Why ugly? As the most recent European Commission Trade Barrier report underlines, protectionism is on the rise, affecting EU exporters and global economic development more generally. China was the source of the greatest increase in new barriers in 2017, followed by Russia, South Africa, India and Turkey. G20 pledges to tackle protectionism seem increasingly hollow. The EU cannot tackle this alone, but must remain resolute in fighting the rise of protectionism, lead the defence of the multilateral trading system and pursue the conclusion of remaining FTA negotiations such as that with Mercosur.

The implementation of the Better Regulation Agenda

Why ugly? The European Commission still does not implement effectively its own Better Regulation Agenda. In particular, consultations and the quality of the impact assessments need to be further improved to avoid unnecessary red tape, especially for SMEs. Political pressure and tight timetables are not an excuse for cutting corners, which increases the risk of an outcome that fails to deliver policy aims effectively and efficiently, and generates preventable burdens for businesses.

Application of the 'Think Small First' principle

Why ugly? A 2017 EUROCHAMBRES study into the way the Commission carries out SME tests revealed no progress since the previous report in 2013. Meanwhile, there is little evidence of either the European Parliament or Council factoring the costs and benefits for SMEs into their amendments to Commission proposals. Policy-makers like to champion SMEs in statements, but they must back this up in their actions.