JOINT CALL FOR A COMPREHENSIVE LONG-TERM SINGLE MARKET INTEGRATION AGENDA

Harnessing the Treaty freedoms to reshape the EU into an economic powerhouse
The European economy is falling behind and its powerhouse – the Single Market with 20 million companies behind – has basically come to a halt:

→ Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.1% in the euro area and increased by 0.3% in the EU in the fourth quarter of 2023, after a stagnation in both zones in the previous quarter compared to the previous year¹.

→ The number of greenfield projects declined by 2% in the European Union in 2022, compared to growth of 65% in Asia Pacific and 19% in North America².

→ Companies of all sizes are contending with the same barriers that existed 20 years ago³, yet their resilience is underscored by accepting legal complexity as a necessary evil and the Single Market as a labyrinth.

→ Implementation and enforcement of the Single Market rules is stumbling, as the Commission’s actions against Single Market infringements fell 80% from 2020 to 2022 during this term, compared to the corresponding earlier terms⁴.

→ SMEs face growth barriers, with only 8.7% engaging in online cross border sales⁵.

A recent survey shows⁶ that businesses are particularly concerned with disparate contractual and legal practices, varying national service rules and limited accessibility to information on differing rules and requirements, while an increasing regulatory burden for EU companies increases that maze pushing investment away from the EU⁷. Member States are also increasingly concerned about the fragmentation in the Single Market⁸.

In the Joint Statement on the Single Market published in June 2022, European businesses rang the alarm about the fragmentation of the Single Market and warned of detrimental effects on the investment climate, competitiveness of companies and welfare in Europe.

After one year in June 2023 the European Council called “for an independent High-Level Report on the Future of the Single Market to be presented at its meeting of March 2024”, entrusted to Mr Enrico Letta.

In November 2023, leading European business organisations BusinessEurope, DIGITALEUROPE, Eurochambres, EuroCommerce, European Round Table for Industry and SMEunited came together in a joint business event with Mr Letta just to confirm that a wave of EU legislation of the last years has largely failed to advance the Single Market integration. The failure to embody a true Single Market hampers competitiveness, digitalisation and the resilience of businesses and the EU. It undermines the green transition and fails to deliver opportunities and growth for the benefit of consumers and workers. This makes the 2022 joint statement more relevant than ever.

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¹Eurostat (14/02/2024), GDP and employment flash estimates for the fourth quarter of 2023
²UNCTAD (2023) World Investment Report, Investing in sustainable energy for all, p. 7
⁴Financial Times (09/05/2023), Policing of EU market rules drops under von der Leyen’s Commission
⁵DESI 2023 indicators, Selling online cross-border, SMEs, DESI 2023 indicators
⁶Eurochambres (2024), Single Market Survey, Overcoming obstacles, developing solutions
⁷BusinessEurope (2023), Reform Barometer, The EU’s global competitiveness under threat
⁸Non-paper of Croatia, Czechia, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Malta, The Netherlands, Poland, Portugal, Slovakia, Slovenia and Sweden on a new horizontal Single Market Strategy (2024)
We acknowledge Mr Letta’s concern about commitment to the Single Market. The EU institutions need to significantly reenergise the Single Market as long-term strategic project and break down national barriers while preventing new ones at EU level. Today, more than ever, consumers need more affordable choices: let businesses serve their customers.

In view of the upcoming report by Mr Letta, our united message based on this event and ample evidence of persisting barriers in the Single Market collected by European business organisations over recent years is an urgent call on EU policy makers to:

- Concentrate on deeper economic integration and the removal of barriers to free movement of goods, services, capital, people and data across borders in the EU as the core objective of a new comprehensive long-term Single Market agenda, supported by strong governance across the EU institutions.

- Prioritise flawless implementation and enforcement of Single Market rules to ensure a level playing field in the EU, with upgraded infrastructure, reinforced application of the principle of rule of law and transparency with effective notifications of national rules among others.

- Conduct competitiveness checks of new policy or legislative initiatives in dialogue with the private sector, assessing how the Single Market freedoms are respected and promoted as one of the key elements for competitiveness.


- Agree on a European regulatory burden reduction strategy, which sets clear targets for the reduction of the cumulative burden for businesses and effectively eliminates cross-border business barriers, supports SMEs and drives Europe’s future competitiveness.

- Promote a vibrant data economy by continuing to build data spaces in strategic economic and societal sectors and streamlining existing EU data rules. Recent regulations on the digital economy present new potential internal barriers.

- Use regulatory sandboxes before proposing new laws, accessible-by-design for any business that wants to participate, especially SMEs.

- Reduce labour shortages and facilitate labour mobility, support employers and workers to fully reap the opportunities presented by the digital and green transitions, and promote the modernisation of curricula at all education and training levels.