



EUROPEAN COMMISSION

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C(2016) 3646 final*

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Communication "Upgrading the Single Market: more opportunities for people and business" ("Single Market Strategy") {COM(2015) 550 final}.

The Commission welcomes the Camera Deputaților's support for the actions set out in the Communication which seek to further consolidate the Single Market and promote transparency and competitiveness.

The Single Market is one of Europe's greatest achievements. By allowing people, services, goods and capital to move more freely in the world's largest economy (14 trillion euros GDP), it offers enormous opportunities for European businesses as well as greater choice and lower prices for consumers. Moreover, it enables citizens to travel, live, work and study wherever they wish. However, these benefits do not always materialise because the Single Market's rules are not known, not implemented or simply undermined by other barriers. The Single Market also needs to evolve so that innovative ideas and business models can thrive.

The European Commission, therefore, decided to make "a deeper and fairer internal market" one of its ten priorities and to adopt the Single Market Strategy to tackle the aforementioned challenges. This links in with the Commission's objectives mapped out in the Commission Work Programme, as the Single Market Strategy is an important part of the Investment Plan for Europe and follows up on the Digital Single Market Strategy as well as the Capital Markets Union.

In response to the more technical questions in the Opinion, the Commission would like to refer the Camera Deputaților to the annex to this letter.

The points made above and in the annex are based on the Communication adopted by the Commission on 25 October 2016. The initiatives are being implemented in coordination with the European Parliament and the Council.

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The Commission hopes that these clarifications address the issues raised by the Camera Deputaților and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Elżbieta Bienkowska
Member of the Commission*

ANNEX

As regards the points to which the Camera Deputaţilor has drawn the Commission's particular attention, the Commission would like to make the following comments:

On tax treatment

The Commission is aware of the complexity of VAT regulations when businesses are looking to operate cross-border. In the Digital Single Market Strategy, the Commission announced a legislative VAT simplification measure to help small e-commerce businesses to operate across borders. In addition, the Commission will bring forward, as part of its Action Plan for a fraud-proof VAT system, a comprehensive simplification package for small and medium-sized enterprises (SMEs) with the intention of reducing the administrative burden experienced by such businesses. This is critical for their growth and will make cross-border trade easier.

SMEs and start-ups

Helping SMEs and start-ups to grow and scale-up in Europe is a key element of the Single Market Strategy. SMEs have already been placed at the heart of the Investment Plan for Europe. For instance, a quarter of the European Fund for Strategic Investments' (EFSI) guarantee will be used to support innovative SMEs and midcaps and to ensure more as well as faster access to risk finance for start-ups. In addition, the Capital Markets Union is taking forward a range of measures in support of venture capital and risk capital financing in the EU. In this context, and as part of the Action Plan on Building a Capital Markets Union {COM(2015) 468 final}, the Commission will bring forward proposals for a European venture capital fund supported by the EU budget.

Collaborative Economy

Regarding the development of the collaborative economy, the Commission issued guidance on 2 June 2016 on how EU law applies to these business models and relevant provisions of national law. This guidance is based on the Services Directive¹, E-Commerce Directive², European consumer legislation, as well as on the relevant Treaty provisions. It considers international best practices and should help Member States and market operators better understand the applicable rules. It also guides the Commission's enforcement action to ensure that national law does not hinder the development of the collaborative economy in an unjustified manner. The Commission will further assess whether and how any regulatory gaps need to be addressed.

The retail sector

The Commission will set out best practices on retail establishment and operational restrictions in the Single Market, in full compliance with the principle of subsidiarity and legitimate public policy objectives pursued by Member States. In doing so, the Commission will support Member States in giving consumers the choice they deserve. This initiative will

¹ OJ L 376, 27.12.2006, pp. 36-68.

² OJ L 178, 17.7.2000, pp. 1-16.

also provide guidance about the Commission's priority for enforcement action with respect to restrictions in the retail sector.

The Commission agrees with the Camera Deputaţilor that small retailers have a significant part to play in the economy. Research shows that the long-term trend in retail appears to be for smaller outlets to compete through specialisation. Both small and large retailers can benefit from fewer barriers. In particular, reducing red tape and regulatory burdens as well as increasing transparency will benefit SMEs which lack resources to deal with complex legal and administrative requirements.

Market surveillance

The Commission will introduce an initiative to strengthen product compliance by providing the right incentives to economic operators, intensifying compliance checks and promoting closer cross-border cooperation among enforcement authorities, including through cooperation with customs authorities. Furthermore, it will consolidate the existing framework for market surveillance activities, encourage joint actions by market surveillance authorities from several Member States, improve the exchange of information and promote the coordination of market surveillance programmes.