



EUROPEAN COMMISSION

*Brussels, 17.12.2020
C(2020) 9359 final*

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Identifying and addressing barriers to the single market' {COM(2020) 93 final}.

The Communication draws on the experiences and perceptions of businesses and consumers who use the single market on a daily basis to identify the key remaining barriers to cross-border activities.

The Communication was part of a larger package defining the strategy to help Europe's industry lead the twin transitions towards climate neutrality and digital leadership, but also to drive Europe's competitiveness and its strategic autonomy at a time of moving geopolitical plates and increasing global competition.

The package of initiatives outlines a new approach to the European industrial policy that is firmly rooted in European values and social market traditions. It sets out a range of actions to support all players of European industry, including big and small companies, innovative start-ups, research centres, service providers, suppliers and social partners.

A dedicated strategy for small and medium-sized enterprises (SMEs) is part of this package. It aims to reduce red tape and help Europe's numerous SMEs to do business across the single market and beyond, access financing and help lead the way on the digital and green transitions.

The single market is one of Europe's greatest achievements. It stimulates competition and trade within the EU and provides EU citizens with a wider choice of goods and services, as well as job and business opportunities. It gives European companies the leverage they need to become leaders on the global stage.

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Nevertheless, Europeans continue to experience barriers that prevent them from fully exploiting the potential of the single market. The Communication and the accompanying staff working document on barriers to the single market (SWD(2020) 54) identify a broad range of obstacles in the single market and point to the root causes of such barriers, such as restrictive and complex national rules, limited administrative capacities, imperfect transposition of EU rules and their inadequate enforcement.

To address these barriers, the Commission adopted a long-term action plan for better implementation and enforcement of single market rules, which aims at addressing obstacles that arise from violations of EU law. The action plan is based on a renewed partnership between Member States and Commission in their shared responsibility to ensure that single market rules are properly enforced and applied. The action plan also launches a Joint Task Force of the Commission and Member States to strengthen cooperation on enforcement of single market rules. The Commission, for its part, will support national and local authorities in their efforts to implement correctly European law and will not hesitate to take firm action against violations of single market rules.

The Commission welcomes the Camera Deputaților's broad support for the Communication and notes its observations relating among others to the challenges regarding the digital economy and availability of electronic procedures, and the particular needs of SMEs active on the Single Market. The Commission is pleased to have this opportunity to share its views and reiterate its full commitment in tackling these barriers.

In response to the more technical comments, the Commission would like to refer to the attached annex. The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera Deputaților and looks forward to continuing the political dialogue in the future. 1

Yours faithfully,

*Maroš Šeřčovič
Vice-President*

*Thierry Breton
Member of the Commission*

Annex

The Commission has carefully considered each of the issues raised by Camera Deputaților in its Opinion and is pleased to offer the following clarifications.

- a. The Commission welcomes the broad support of its conclusions by the Camera Deputaților.*
- b. The Commission agrees that it is very important to simplify access to commercial activities and reduce red tape. In line with the Single Digital Gateway Regulation (Regulation (EU) 2018/1724), the administrative procedures through which businesses need to notify their activity or obtain permissions to exercise such activity should be made digital by 12 December 2023. All national procedures, which are available only for national users, will have to be made accessible also for cross-border users as of this date. The Commission encourages Member States to review their national regulatory framework and to simplify procedural steps as much as possible, before digitising procedures.*
- c. The Commission agrees with the Camera Deputaților on the need to intensify the access to information and the use of electronic data to identify and address obstacles in the Single Market at an early stage.*

The Commission agrees that there is a need to use factual information from many different sources and one such source is SOLVIT, which is an EU network of Member State authorities that is coordinated by the Commission.

The Commission, together with the Member States, is proceeding with the implementation of the action plan on better implementation and enforcement. The Plan puts in place concrete actions to exploit the full potential of the information society services by rationalising Single Market IT systems and making efficient use of online information tools such as the Single Digital Gateway and the Your Europe portal.

The Single Market Enforcement Task Force (SMET) is a high-level forum where the Commission and Member States collaboratively commit to devise and implement solutions for Single Market obstacles rooted in enforcement or implementation deficiencies will work to address and eliminate digitalisation barriers.

As of 12 December 2020, the EU citizens and businesses will be able to signal anonymously any problems they encounter in the single market through the Single Market Obstacles Tool. The data collected will support the Commission in its policy and enforcement actions. Summary overview of the reported problems will be published online.

- d. The Commission agrees that teleworking has not only proven a valuable tool during the coronavirus pandemic but offers useful advantages for the future beyond the pandemic context.*

- e. *The Single Digital Gateway will be launched on 12 December 2020. It will offer its users easy online access to EU and national level information on applicable rules and requirements and online information about all relevant procedures, including on the documentation that citizens and businesses have to submit. Through the gateway's feedback tools, users will be able to rate the quality of information and procedures and report any obstacles they have encountered. In a second stage, by December 2023, the gateway will also require the most important national procedures to be offered fully online, the removal of any cross-border obstacles for all online procedures and the use of an EU wide once-only system for fast and efficient cross-border exchange of evidence between authorities, at the request of the users.*

With respect to procedures required to access to, or exercise, a service activity, under single market rules (Directive 2006/123/EC), Member States must ensure that charges related to the application for authorisations are reasonable and proportionate to the cost of the authorisation procedures in question and that such charges do not exceed the cost of the procedures. In addition, authorisations must be processed as quickly as possible and within a reasonable period to be fixed and made public in advance. Ensuring compliance with single market rules is key to ensure that the single market delivers to the benefit of EU companies and citizens; it is a key enabler of Europe's industrial transformation and is of particular importance for SMEs, as they are often affected disproportionately by cross-border restrictions. The SME Strategy highlights that administrative procedures are often perceived as complex and represent one of the biggest obstacles for SMEs when operating in the Single Market. In line with the Enforcement Action Plan, the Commission will work alongside with EU Member States to ensure that that single market rules are complied with and will not hesitate to take enforcement action where necessary.

- f. *The Commission is aware that, when assessing the impacts of regulation on SMEs, a quantitative approach cannot always be the way forward. A qualitative approach could also be required and it has to be based on proper consultation of individual businesses and their representative organisations.*
- g. *The Commission is aware of the difficulties of SMEs in taking part in platforms and expert groups. Aside from involving experts with an SME background whenever considered necessary and feasible (for example in the [Non-Financial Reporting](#) expert group or in the [Fit for Future Platform](#)), the Commission is also ensuring that SME expertise is taking part in many Technical Committees and Working Groups preparing specific standards.*

Moreover, the EU SME Envoy Network shall be represented in the meetings of the Single Market Enforcement Task-Force (SMET) which is a high level forum where Member States and the Commission jointly work together to address the most pressing barriers to the Single Market.

- h. *On 30 September 2020, the Commission adopted a Communication¹ on achieving the European Education Area by 2025, which reminds of the importance of non-formal learning to gain life and professional skills and competences. The evaluation² of the 2012 Council Recommendation on the validation of non-formal and informal learning³ provides elements for Member States to address the recognition of learning outcomes acquired through non-formal and informal learning. The European Skills Agenda Communication⁴ adopted 1 July 2020 demonstrates the importance the Commission attaches to skills and the relevance and appropriateness of non-formal learning for adults (Action 8). The amending of the Directive 2005/36/EC on the recognition of professional qualifications in 2013 acknowledges the possibility for the host Member State, where a migrant wishes to establish or provide services, to take into account the knowledge, skills and competences acquired by the applicant in the course of his professional experience or through lifelong learning (i.e. non-formal education and informal learning undertaken throughout life), as long as it is formally validated by a relevant body.*
- i. *The Commission would like to recall that urban development policies are a Member State's competence and the Commission is therefore not in a position to require such action.*
- j. *In line with Article 165 of the Treaty on the Functioning of the European Union, the Commission takes action to encourage, support and complement Member States' activities in the field of education, while respecting their overall responsibility for educational policy. The recent Commission Communication on Achieving the European Education Area by 2025 provides an ambitious vision of how the EU dimension enriches the quality and inclusiveness of education systems of the Member States, and how together they shape a European Education Area, based on freedom for learners and teachers to be mobile, and for institutions to freely associate with one another in Europe and beyond.*
- k. *The Commission takes note of the suggestion to consider the One Health approach in extending the analysis on market barriers. Given the pertinence of the One Health approach to tackling the global health problem of antimicrobial resistance, and considering the most recent Council conclusions on the next steps towards making the EU a best practice region in combatting antimicrobial resistance, adopted under the Romanian Presidency in 2019, the Commission has already undertaken various activities under the European One Health Action Plan on antimicrobial resistance, whose full implementation remains a priority for the Commission.*
- l. *Ensuring a wider choice of audiovisual content for EU citizens and eliminating barriers to access cultural and linguistically diverse content is very important for the*

¹ COM(2020) 625 final

² SWD(2020)121 of 1 July 2020

³ 2012/C 398/01

⁴ COM(2020) 274 final

Commission. Several legislative instruments have been adopted in the recent years in order to facilitate the distribution of and access to audiovisual content across the EU.

The Regulation on cross-border portability of online content services (Regulation (EU) 2017/1128), allows consumers who buy or subscribe to online content services to continue watching films or sport broadcasts, listen to music, download e-books and play games when they travel in other EU countries. The Directive on broadcasters' online transmissions and retransmissions (Directive (EU) 2019/789, once transposed in June 2021, will contribute to increase cross-border availability of TV and radio programmes by simplifying the clearance of rights for certain broadcasters' online services and retransmission services. Finally, the Geo-blocking Regulation (Regulation (EU) 2018/302) puts an end to unjustified geo-blocking for a wide range of goods and services, but it does not apply to audiovisual services. The Commission is currently finalising the first evaluation of its impact, which is looking into the possible application of the Regulation to audiovisual services and to certain other services offering copyright-protected content such as music, e-books, software and online games.

- m. The Commission agrees that there is a need to understand the barriers for Geographic Information Systems (GIS) data. Decision making in the EU requires the integrated use of information from a multitude of sources including GIS. Access to reliable national geospatial information is the key pillar to support policies at EU level. Although, the European Union relies on Earth observation data obtained via the Copernicus programme or other supranational sources, the national GIS complement and provide additional information and are critical tools for EU policy making and economic development. For this reason, access to national GIS data managed by Member States' authorities plays an important role at EU level. Identifying organisational and technical barriers and highlighting current restrictions is the first step to providing reliable and timely access to these systems.*

Copernicus, the EU Earth observation programme, provides autonomous and independent access to Earth observation information in order to help public authorities in their decision making process to improve the quality of life for the citizens of Europe. Copernicus delivers satellite data but at the same time relies also on ground, non-space in-situ data. In situ data is an integral and important part of Copernicus products and services used to validate satellite images, generate observations not accessible from space and provide background maps for the Copernicus Services. This in-situ data is collected via different networks but one of the important potential sources is national data provided via the Member States' GIS.

- n. The EU's current SME policy places great emphasis on the reduction of compliance costs on businesses and their free access to markets. The Single Market access and administrative burdens are intrinsically linked to their tax treatment, including application of VAT to SMEs. Under the VAT Directive, Member States can adopt specific schemes and measures to reduce administrative burdens on SMEs.*

The One stop shop mechanism allows for businesses to be registered for VAT only in their Member State of establishment. As soon as they carry out cross-border supplies to customers in other EU Member States, they can undertake their VAT obligations and payments of VAT in their own Member State, dealing with only one set of rules and one tax administration. This scheme will enter into force on 1 July 2021 and will be even further extended in scope in the future based on the actions listed in the Tax Action Plan, published in June this year. In this Plan, the Commission lists a number of initiatives in the field of VAT and one of them is aiming to have a single place of registration in the EU together with a possible extension of the scope of the One Stop Shop mechanism, due to enter into application as of 1 July 2021. With this initiative, the administrative burden for SMEs doing cross-border trade will be even further reduced.

SMEs can benefit from an exemption on domestic supplies if their annual turnover is below a threshold fixed by their Member State of establishment. The exemption threshold is set by Member States and may not as of 1 January 2025 be higher than EUR 85 000. As of that date, SMEs established in one Member State will also be able to exempt supplies that they make to other Member States if their turnover falls below the threshold set by the Member State concerned. Only SMEs whose annual EU turnover remains below EUR 100 000 will be eligible for exemption outside the Member State in which they are established.

In 2018, the Commission published a Study on Tax Compliance Costs for SMEs focused on how the propensity of SMEs to trade cross-border within the internal market is affected by administrative obligations through compliance with tax laws and how this can be improved.

The Commission appreciates the involvement of Romanian experts in the recently launched Study on the Tax Compliance Costs for SMEs: An Update and a Complement.

- o. As part of the ongoing work on the Single Digital Gateway, the Commission strongly encourages all Member States to link up their information and assistance services directed at SMEs in a user-friendly manner and to ensure that they are fully accessible for cross-border users.*
- p. The Commission agrees that more comprehensive mutual knowledge of the business environment at Member State level could be beneficial for businesses active across borders.*