



EUROPEAN COMMISSION

*Brussels, 01.09.2020
C(2020) 6047 final*

Dear President,

The Commission would like to thank the Senat 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 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 market¹ 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 Senat's broad support for the Communication and notes its observations relating to the need for a holistic approach, including the green and digital transition, and for a strong attention to SMEs and inequality. The Commission is pleased to have this opportunity to share its views and reiterate its full commitment in tackling these barriers, and trusts that these will allay the Senat's concerns.

In response to the more detailed comments in the Opinion 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 Senat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Thierry Breton
Member of the Commission*

¹ SWD(2020) 54 final

Annex

The Commission has carefully considered the issues raised by the Senat in its Opinion and would like to offer the following observations grouped by topic.

As far as the overall objective of improving the single market is concerned, the Commission agrees that correctly applying the single market legislation and preventing unnecessary obstacles at national level will benefit the European businesses and consumers. The measures announced in the Long term action plan on better implementation and enforcement of single market rules² will help achieving that objective. The Commission agrees that achieving the objective depends on a number of factors, including those identified by the Senat and that this needs to be a joint effort by the European institutions and the Member States. The Commission has set up a Single Market Enforcement Task Force, which brings the Commission and Member States together aiming to ensure better compliance with the single market legislation. It has proven to be a very useful tool in the context of the current COVID-19 crisis³.

Regarding the problems of SMEs related to entering markets, obtaining access to finance and competition from larger companies, the Commission agrees that SMEs play a vital role in our economy. While a barrier-free market per se cannot solve all the problems of SMEs, the Commission believes that removing the barriers identified in the Staff Working Document “Business Journey on the Single Market: Practical Obstacles and Barriers” {SWD(2020) 54} will benefit first and foremost SMEs. The Commission would also like to recall that a number of EU policies are already in place to help SMEs. The EU programme for the Competitiveness of Small and Medium-Sized Enterprises (COSME) provides support to SMEs in terms of access to finance, funding the Enterprise Europe Network, the Your Europe Business portal and entrepreneurship actions. The Commission has recently put in place new support measures regarding venture capital and growth financing (ESCALAR)⁴ to facilitate the scaling up of companies, in particular SMEs. A number of further actions have been announced in the recently adopted SME Strategy for a sustainable and digital Europe⁵. Where large businesses exercise their market power and thus affect the entry of small producers, the competent competition authorities might have a key role to play.

The New Industrial Strategy for Europe⁶ is the blueprint for the industrial transformation that is needed, based on the concept of industrial ecosystems. Ecosystems include all the actors involved in economic activities, every firm – from the smallest to the largest – but also research institutions, local governments and the rich network of social enterprises.

² COM(2020) 94 final

³ <https://blogs.ec.europa.eu/promotingenterprise/covid-19-smet/>

⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_628

⁵ COM(2020) 103 final

⁶ COM(2020) 102 final

Designing the European industrial strategy around this concept aims at taking into account that any type of transformation (in particular the digital and green ones) relies on a series of preconditions such as a dynamic industrial base, a fair economic environment offering opportunities for all, a set of effective and productive local institutions etc. This approach allows the Commission to identify more comprehensively what is needed for each ecosystem and to also look at the interface between different ecosystems. The Commission agrees that the industrial transformation ahead also needs to ensure the resilience of the different ecosystems. An example of this has been the recent transformation of production from various industrial goods to medical supplies (such as facemasks and ventilators), allowing Europe to assure diversity of supply and avoid excessive dependence on a limited number of manufacturers. More generally, the experience of the COVID-19 pandemic has highlighted some vulnerabilities of European and global industrial value chains. For this reason, the recovery process must rely on each of the three pillars: green, digital and resilient Single Market.