

Examination of the Communication on Upgrading the Single Market

Summary

The Committee has examined the Commission Communication on Upgrading the Single Market, in which the Commission presents a new strategy for the Single Market. In addition to overarching objectives, the Communication announces a number of future measures.

The Committee shares the Commission's overarching objectives set out in the Communication. In general, the Committee takes the view that the objectives should be to remove barriers to trade, ensure that new ones do not arise and fully exploit the potential of the Single Market. Its view is that the Commission should take measures to create better conditions for the trade in services, for SMEs and cross-border e-commerce, and promote openness to the outside world. It would like to emphasise the importance of already agreed measures being implemented correctly and in good time by all Member States, and welcomes the Commission's ambitions in this regard. Enclosed with the opinion are five reasoned objections (by the Moderates, Sweden Democrats, Centre, Left, Liberals, and Christian Democrats).

Document examined

Commission Communication "Upgrading the Single Market: more opportunities for people and business" (COM(2016) 550).

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The Committee presents the opinion for discussion in this part.

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Stockholm, 22 March 2016,

On behalf of the Committee

on Trade and Industry

Jennie Nilsson

The following members took part in the decision: Jennie Nilsson (Social Democrat), Lars Hjalmered (Moderate), Hans Rothenberg (Moderate), Ingemar Nilsson (Social Democrat), Josef Fransson (Sweden Democrat), Ulf Berg (Moderate), Per-Arne Håkansson (Social Democrat), Helena Lindahl (Centre),

Ann-Charlotte Hammar Johnsson (Moderate), Mattias Bäckström Johansson (Sweden Democrat), Said Abdu (Liberal), Penilla Gunther (Christian Democrat), Mattias Jonsson (Social Democrat), Anna-Caren Säterberg (Social Democrat), Hanna Westerén (Social Democrat), Håkan Svenneling (Left) and Elisabet Knutsson (Green).

Report on the matter

The matter and preparatory work

The Speaker decided on 7 December 2015, pursuant to Chapter 9, §20 of the Parliament Act, that the Commission Communication on Upgrading the Single Market - more opportunities for people and business (COM(2015) 550) should be referred to the Committee on Trade and Industry for examination.

The Commission, in its work programme for 2015, stated that it intended to present measures to contribute towards solving the challenges facing the EU, including high unemployment, sluggish growth, high public-sector debt, lack of investment and poor competitiveness. Against this background, the work programme sets out as a priority 'a deeper and fairer internal market with a strengthened industrial base'. This Communication comes under that heading of the work programme. The Communication was published on 28 October 2015.

On 2 December 2015, the Committee received the Government Offices' explanatory memorandum (2015/16:FPM17) concerning the Communication.

Examination by the Committee

The Committee's proposals in brief

The *Riksdag* takes the opinion into consideration.

See the objections 1 (Sweden Democrats), 2 (Left Party), 3 (Moderates, Centre, Liberals, Christian Democrats), 4 (Sweden Democrats) and 5 (Left Party).

Background

As an EU Member State, Sweden is part of the EU Single Market, which covers all 28 Member States and the EEA countries of Iceland, Liechtenstein and Norway. The aim of the Single Market is to allow the free movement of goods, services, capital and people.

The Commission introduces the Communication by claiming that the Single Market is one of Europe's great achievements. Over the past 50 years, it has generated new opportunities for European companies, strengthened industrial competitiveness and contributed to better integration of EU firms into international value chains. But now the EU is facing economic and social challenges. The economic and financial crisis has created a situation of high unemployment and low levels of investment. Trade barriers and high administrative hurdles stop European companies from growing. At the same time, changing economic realities mean new opportunities in forms of innovation, global value chains and new business models.

Against the background of this economic situation, the Commission's goal in the Communication is to outline a new strategy for the Single Market. In addition to overarching objectives, the Communication announces a number of future measures. The Commission emphasises that the measures in the Communication should be seen as supporting and complementing those it has presented in other contexts, e.g. the Digital Single Market Strategy and the Energy Union.

The Commission Communication

The Commission wishes to focus on practical measures to help SMEs in particular, promote innovation, support investment and improve consumer protection. Four general obstacles to a well-functioning Single Market are highlighted: obstacles to the free trade in goods and services, lack of compliance with existing provisions, small public procurement volumes across borders and insufficient political support for structural reforms. The Commission takes the view that these obstacles also have a negative impact on other fields, e.g. transport, telecommunications and energy, and make the EU less attractive for internal and external financing. These obstacles also have a negative impact on innovation, product development and new recruitment, according to the Commission. These are the problems to be tackled by the measures outlined in the Communication. The Commission's aim is to create a deeper and fairer Single Market with a strengthened industrial base. It wishes to upgrade the Single Market in line with today's economic realities of increased

digitalisation, new business models and increasing links between manufacturing and services in global value chains. The Commission also wants the programme to be carried forward by the Member States at national, regional and local level, for there can only be a Single Market with their support and commitment at all levels. In the Communication, the Commission presents its plans in three key areas:

- creating opportunities for consumers, professionals and businesses;
- encouraging and enabling the modernisation and innovation that Europe needs;
- ensuring practical delivery that benefits consumers and businesses in their daily lives.

Each of the above key areas contains a number of groups of measures. The Communication contains 22 announced measures, categorised under these groups. The announced measures are not yet fully fleshed out but, rather, should be seen as declarations of intent. Some of these 22 measures can, in turn, be broken down into further proposals that the Commission sets out in the running text. The Communication therefore contains a large number of proposals in many different fields.

The Committee's opinion

Introduction

The Committee has structured its opinion under the following headings: General comments on the Single Market and Miscellaneous remarks on the Commission's proposals

General comments on the Single Market

One objective of Sweden's trade policy has long since been an effective Single Market and open trade policy in the EU. The EU Single Market is very important for Swedish growth and employment, as trade within that market accounts for almost 70 percent of Sweden's exports, and 80 percent of its imports. The Committee would also like to recall what has already been stated in other contexts, i.e. that a well-functioning Single Market is of vital importance for enhancing the EU's competitiveness, growth and employment for the benefit of companies, workers and consumers. The Committee thus shares the Commission's overarching objectives in the Communication. Generally, the Committee takes the view that the aims should be to overcome barriers to trade, prevent new ones from arising and ensure that the Single Market's potential is used to the full. The Commission should take measures to create better conditions for the trade in services, for SMEs and cross-border e-commerce, together with openness to the outside world. The Committee would like to emphasise the importance of already agreed measures being implemented correctly and in good time by all Member States and welcomes the Commission's ambitions in this regard.

In the light of the above, the Committee proposes that the Swedish Parliament take note of the Committee's opinion in this part.

Miscellaneous points on the Commission proposal

The Commission Communication provides a sound basis for the ongoing work of developing the EU Single Market. Overall, the Committee would like to emphasise

the significance of ambitious and concrete proposals being put forward so that the existing potential can be used.

Sweden's policy aims to promote an effective Single Market and an open trade policy within the EU. The Committee would like to underline the importance of ensuring that further development of the EU Single Market does not lead to protectionist tendencies vis-à-vis the outside world. Sweden should continue to be a clear voice within the EU calling for free, fair and open trade and combating all forms of protectionism.

In the relevant areas, a balance must be struck between measures to complete a Single Market in goods and services and the protection of workers, consumers, animals and the environment. As the Committee has emphasised in other contexts, it is very important for democracy, respect for the environment and other interests not to be sidelined. It is essential that different countries' models on the labour market should work if the trade in services is to be a success. Provisions on the Single Market must be implemented while ensuring respect for trade union rights.

The Committee also welcomes the Commission's overarching ambition to reduce the regulatory burden, and points out that administrative simplification must not lead to groups of companies being exempted from, for example, environmental legislation. Any new Commission measures must not lead to an additional administrative burden on businesses, as the Committee unanimously agreed previously in the context of the Commission's recommendation to extend the system of geographical indications of origin.

In the light of the above, the Committee proposes that the Swedish Parliament take note of the Committee's opinion.

Objections

1. General points about the Single Market, point 1 -

Reasoning (Sweden Democrats)

by Josef Fransson (Sweden Democrats) and Mattias Bäckström Johansson (Sweden Democrats). *Opinion*

We Sweden Democrats are broadly in favour of free and open trade. We take the view that Europe's priorities should be to promote competition, knowledge and innovation. Sweden should work for a free-trade line in the single Market. This Commission Communication is one in a series of strategic communications. If we look not only at the Commission's proposals in the current Communication but also at other packages of measures from the Commission concerning, among other things, energy, infrastructure and promoting growth, we see a recurring problem with regard to financial solutions, increased use of the Structural Funds, socio-economic projects and constant cost-driven effects which represent an additional burden, especially for Swedish taxpayers. We are critical of the fact that the Communication is so vaguely worded, as we know from experience that the Commission's measures often entail higher costs for Swedish taxpayers and unrealistic uncostered proposals.

In the light of the above, we propose that the Swedish Parliament take note of the opinions in this part.

2. General points about the Single Market, point 1 -

Reasoning

by Håkan Svenneling (Left Party).

Opinion

I object to the fact that the Commission has chosen to prioritise the Single Market over the environment, employment rights, public health and consumer protection. We in the Left Party take the view that the priorities should be the other way round: employment rights, the environment, consumer protection and public health must come before the interests of business and the market. The EU's trade policy both within the Single Market and towards third countries must become more fair and environmentally aware and display greater solidarity. Unfortunately, the Commission Communication offers no departure from its time-honoured policy. The strategy focuses too much on deregulation and greater competition and lacks a clear employee perspective, especially as far as the free movement of services is concerned.

In the light of the above, I propose that the Swedish Parliament take note of the opinions in this part.

3. Miscellaneous points on the Commission's announced proposals, point 2 - Reasoning (Moderates, Centre, Liberals, Christian Democrats)

Lars Hjälmered (Moderate), Hans Rothenberg (Moderate), Ulf Berg (Moderate), Helena Lindahl (Centre), Ann-Charlotte Hammar Johansson (Moderate), Said Abdu (Liberal) and Penilla Gunther (Christian Democrat).

Opinion

We take the view that, in order to ensure the EU's long-term survival, we need more of what once made the Member States successful - trade and openness. The continued prosperity and well-being of Sweden and Europe depend on the development of the EU Single Market. The EU must continue to open up the Single Market. This means, in particular, developing a Digital Single Market, with a high degree of net neutrality. The huge potential of e-commerce must be exploited.

We are pleased that the Commission raises the issue of inappropriate professional regulations. There are currently in Europe many professions which are disproportionately tightly regulated, constituting an obstacle to free movement and reducing productivity. We look forward to the Commission's forthcoming guidance document in order to improve access to and exercise of regulated professions. In this context, we would also like to highlight the importance of safe and effective validation of professional competence. Deficient, slow validation must no longer form a barrier to trade in the Single Market.

Many Member States are struggling today with public finance difficulties, high unemployment and low growth. These countries must make an effort to reorganise their public finances and reform both their labour markets and their administration. Individual Member States that continue to infringe common frameworks are undermining confidence in the EU. All Member States, including Greece, must fulfil their undertakings in line with the Growth and Stability Pact and, where relevant, vis-à-vis international creditors.

We also take the view that the Services Directive should be widened to include enhanced movement within various sectors, as another way of developing the Single Market.

In the light of the above, we propose that the Swedish Parliament take note of the opinions in this part.

4. Miscellaneous points on the Commission's announced proposals, point 2 - Reasoning (Sweden Democrats)

by Josef Fransson (Sweden Democrats) and Mattias Bäckström Johansson (Sweden Democrats).

Opinion

The Commission Communication contains proposed measures for more or less all the aspects affecting the European markets. We in the Sweden Democrats have, for a long time now, been criticising many of these aspects. Overall, we take the view that it is frivolous to come up with such vague proposals time and again. The Commission is always using words such as defending, raising, prioritising, seizing opportunities, highlighting, seeing the importance of, and so on. However, we would welcome realistic programmes for action.

Given that the proposals presented are merely ideas, and the Communication does not yet contain any specific proposals for legislation or a proper financial basis, it is difficult to determine at this stage what it is that the Commission actually wishes to do. For this reason, we are sceptical of the proposals in the Communication and await more information. We would like to point out in particular that we are sceptical that the Commission will come up with proposals on energy, infrastructure, labour market measures, socio-economic issues or structural fund projects, where the imagined impact of measures appears to be merely plucked out of the air. We take the view that a full competition and cost analysis should be conducted before any more uncostered projects are launched.

In the light of the above, we propose that the Swedish Parliament take note of the opinions in this part.

5. Miscellaneous points on the Commission's announced proposals, point 2 - Reasoning
by Håkan Svenneling (Left Party).

Opinion

The Commission's proposal relating to a service passport in the Communication has already prompted significant misgivings and strong criticism. If the proposal becomes reality, it may lead to much worse conditions for employees working abroad. Rather than a services passport, stricter checks for the host country are needed. The idea of a services passport is an example of how the Commission's Single Market strategy supports large companies and risks significantly worsening workers' rights. Europe today needs to focus more on workers' rights, not less.

With regard to the proposals for VAT simplification, I would like to point out that tax policy is and should continue to be an issue to be dealt with at national level. I am concerned that the Commission is trying to compromise this very important principle. Tax questions cannot be solved at EU level.

In the light of the above, I propose that the Swedish Parliament take note of the opinions in this part.

ANNEX 1

List of documents examined

Commission Communication "Upgrading the Single Market: more opportunities for people and business" (COM(2015) 550).