



A deeper and fairer Single Market

#SingleMarket



WHY DO WE NEED THIS STRATEGY?

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 and greater choice and lower prices for consumers. It enables citizens to travel, live, work and study wherever they wish. But these benefits do not always materialise, because Single Market rules are not known, not implemented or simply undermined by other barriers. And the Single Market needs to evolve so that innovative ideas and innovative business models can find their place.

That is why the European Commission has decided to give the Single Market a new boost with a number of ambitious and pragmatic actions focused on three main areas:

- creating additional opportunities for consumers, professionals and businesses
- encouraging the modernisation and innovation that Europe needs
- ensuring practical benefits for people in their daily lives

This strategy focuses on services and product markets. It complements the Commission's efforts to boost investment, improve competitiveness and access to finance, ensure a well-functioning internal market for energy, reap the opportunities of the digital single market, promote and facilitate labour mobility whilst preventing abuse of the rules.

I - CREATING OPPORTUNITIES FOR CONSUMERS AND BUSINESSES

1. ENABLING THE BALANCED DEVELOPMENT OF THE COLLABORATIVE ECONOMY

SNAPSHOT: The collaborative economy (or sharing economy) refers to the fast-growing ecosystem of on-demand services and temporary use of assets. It leads to greater choice and lower prices for consumers and provides growth opportunities for innovative start-ups and existing European companies. At the same time, there are important issues related to consumer rights, taxes and labour law that need to be taken into account. Diverging national rules and policies create legal uncertainty and may hamper the development of the collaborative economy in Europe.

APPROACH: The Commission will provide guidance on how existing law, including the Services Directive, the E-Commerce Directive and consumer law such as the Unfair Commercial Practices Directive, the Unfair Contract Terms Directive and the Consumer Rights Directive, applies to the collaborative economy. It will also assess whether there are regulatory gaps and how they need to be addressed without favouring one business model over another.

2016:

European agenda for the collaborative economy, including guidance on how EU law applies to collaborative economy business models and an assessment of possible regulatory gaps

So ...

• *What is the Commission's plan for the collaborative economy?*

The collaborative economy is based on innovative business models that help consumers and businesses to match their needs with new offers of goods and services. This can increase efficiency, transparency, choice and convenience for consumers as well as reducing costs. Private individuals, fast-growing start-ups and established companies can all make use of the opportunities offered by the collaborative economy. The Commission is looking at how we can encourage the development of innovative services and temporary use of assets, without favouring one business model over another. At the same time, public policy objectives like consumer protection must be respected and tax and labour law complied with.

2. HELPING SMES AND START-UPS TO GROW

SNAPSHOT: SMEs, start-ups and young entrepreneurs who want to succeed and grow in the EU ("scale up") still face many obstacles. Access to finance, both on the debt and equity side, is a critical issue. Many entrepreneurs leave Europe because they can't raise the capital they need and SMEs cannot access a broader range of financing solutions. SMEs also often complain about the complexity of VAT regulation, aspects of company law and more generally about how to comply with various regulatory requirements in different markets.

APPROACH: In addition to providing EU funding instruments, the Commission is improving companies' access to private finance through

the Investment Plan and the Capital Markets Union. In this context, the Commission will bring forward proposals to create a European venture capital fund-of-funds, supported by the EU budget and open to others in order to attract private capital. The Commission will also simplify VAT requirements, reduce the cost of company registration and put forward a proposal on insolvency to give entrepreneurs who fail a second chance. Information on regulatory requirements should be accessible through a single digital gateway and the Commission will push for high quality, online public services to reduce administrative burden and make Europe a more attractive destination for innovators from both inside and outside the EU.

2016:

VAT action plan

Legislative initiative on business insolvency, including early restructuring and second chance
Start-up initiative

2017:

Initiatives to facilitate the use of digital technologies throughout a company's lifecycle and facilitation of cross-border mergers and divisions

So ...

- **Are you helping SMEs with cross-border ambitions?**

Not every SME has or should have pan-European growth ambitions. But the opportunities should be there for those who do.

- **Where will private finance come from?**

The Investment Plan and the Capital Markets Union are designed to unlock the abundant liquidity in the markets and put private investment and financing to work for the benefit of Europe's business, in particular SMEs. Venture capital is particularly important for start-ups but underdeveloped in Europe. If EU venture capital markets were as deep as the US, as much as 90 billion euro more in funds would have been available to companies between 2008 and 2013. As announced in the Capital Markets Union [Action Plan](#), the Commission will propose, among other initiatives, a European venture capital fund-of-funds. As part of the Plan, the Commission launched a [public consultation](#) on the review of the Regulations on European Venture Capital Funds and European Social Entrepreneurship Funds.

3. MAKING THE MARKET WITHOUT BORDERS FOR SERVICES A PRACTICAL REALITY

SNAPSHOT: While services account for two thirds of the EU economy, the cross-border provision of services is underdeveloped. Removing unjustified barriers to cross-border provision of services would create huge opportunities for new companies to enter the market, improve competitiveness and lower prices for consumers. However, the [Services Directive](#) is delivering only a fraction of its potential. For instance - business services providers such as architectural, engineering or accounting firms who wish to offer their services in another EU Member State are often confronted with restrictive requirements such as [legal form or shareholding requirements](#). Similarly, construction companies frequently find burdensome the procedures to show compliance with authorisation schemes and the liability insurance required. Furthermore, more than 5000 professions across Europe require specific qualifications or a specific title. Whilst it is and remains a national prerogative to regulate professions, it is clear that national rules sometimes make it difficult for people to get access to certain

jobs and for qualified professionals to establish, provide services or working other EU countries. This limits consumer choice and contributes to higher prices. The Commission has coordinated a [mutual evaluation of regulated professions](#) with the Member States, providing them with the opportunity to assess their existing framework, learn from best practice and identify the possible reforms needed.

APPROACH: The Commission will introduce a services passport and support Member States in their efforts to modernise regulated professions. It will propose legislative action to address regulatory barriers, such as diverging legal form and shareholding requirements, as well as multidisciplinary restrictions for key business services and, if appropriate, organisational requirements in construction companies. The Commission will review market developments and, if necessary, take action in connection with insurance requirements for business and construction service providers.

2016:

Guidance on reform needs for Member States in regulation of professions

Analytical framework for Member States to use when reviewing the existing or proposing additional regulation of professions

Legislative action to address targeted regulatory barriers in key business services and construction services

Legislative initiative to introduce a 'services passport' for key sectors of the economy such as construction and business services

So ...

- **Are you reopening the Services Directive?**

No. There are no current plans to review or amend the Services Directive. The focus is on implementation.

- **Why is the Commission putting such focus on the services sector?**

The 2006 Services Directive prompted national reforms abolishing barriers preventing companies from offering their services in other Member States but implementation needs to improve. Studies show that more dynamic services markets deliver cheaper services and more choice for consumers. Opening up services markets creates new opportunities: assessments show that where regulatory barriers are lower, more new firms are set up. And productivity increases as a result of a more efficient allocation of resources, making our services sector more competitive. Because services are increasingly linked to manufacturing, this will have important positive impacts on our industrial competitiveness as well. The 10-year anniversary of the Services Directive is a good opportunity to redouble efforts and finally get the full benefit from the directive.

- **What is the services passport and will it lead to a race to the bottom by applying country of origin labour laws?**

The services passport is a document issued by a national authority to help service providers going cross-border show that they comply with the requirements applicable to them in the Member State where they want to provide the service. The services passport will be backed up by a common national document repository to eliminate multiple information and documentation requirements and by harmonised forms to notify required information. The services passport does not change the amount of applicable rules or reduce labour law or social protection requirements that service providers need to comply with.

- **How is this linked to upcoming proposals on labour mobility?**

The Labour Mobility Package will set out a balanced approach aimed at promoting labour mobility whilst minimising any unintended consequences. The Commission is taking concerns about potential cases of abuse very seriously. In promoting labour mobility, the Commission seeks to allow people to take advantage of the opportunities of the Single Market while preventing abuse. Like the Single Market Strategy, the Labour Mobility Package aims at contributing to a deeper and fairer Single Market. It will include action to support labour mobility, a targeted review of the Posting of Workers Directive, and a proposal for improving coordination of social security systems in Europe.

- **Why do you focus on business services and construction?**

Business services (such as accounting and engineering services) are essential to manufacturing and many other service sectors. They contribute 11% of EU GDP but are characterised by low levels of competition and productivity, high prices and failure to exploit single market opportunities. The construction sector employs about 15 million people in the EU and generates nearly 6% of EU GDP. There are almost three million construction companies in the EU, about 99% of them SMEs. Whilst construction workers are present as posted workers in Member States other than their own, the cross-border provision of construction services by companies is very low and it is one of the least integrated service sectors.

- **Do you want to deregulate professions and remove special professional qualifications such as the Meisterbrief certificate for German crafts?**

The Commission is supportive of dual education systems, like the one in Germany, and has no intention to ask for the suppression of the “Meisterbrief”. The Commission by no means wishes to lower the standards and quality of services and acknowledges the different rules and traditions in Member States in this area. However, the multitude and divergence of national requirements is holding the European economy as a whole back. There are more than 5000 regulated professions across the EU. Some countries have 400, others less than 100. By way of example, regulations for hairdressers and beauticians in Member States range from non-existent to a mandatory 3 years of vocational training. Studies have highlighted that less restrictive regulation has a positive impact in terms of job creation, prices for the consumers and the overall efficiency of resource allocation in the economy. The Commission does not regulate or deregulate professions – this remains a national prerogative – but recommends modernisation and supports Member States’ reforms in this area.

4. ADDRESSING RESTRICTIONS IN THE RETAIL SECTOR

SNAPSHOT: Retail activity accounts for one job in eight across the EU, but its productivity growth has remained flat. A review of retail establishment rules identified a series of barriers including restrictions on the size or location of retail stores, the requirement to apply for a large number of permits, or the length of the procedure. While some restrictions on retail establishment may be justified, for example for urban planning or environmental reasons, they are sometimes not appropriate and proportionate to the objectives pursued.

APPROACH: Based on well-functioning solutions in different Member States, the Commission will suggest best practices to allow national authorities to spot inefficiencies and modernise their retail legal frameworks. This will contribute to reducing barriers and making it easier for retailers to open outlets across the EU. It should also support Member States in identifying the most efficient solutions to reach public policy objectives such as the protection of the environment and town and country planning.

2017:

Communication setting out best practices to facilitate retail establishment and reduce operational restrictions

So ...

- **Why is this a problem?**

Barriers in this sector restrict innovation and choice for consumers. Facilitating retail establishment fosters competition between retailers and leads to lower prices and better value for consumers.

- **Won't this initiative open the doors for big chains to crush small retailers?**

Larger chains are already present in national economies, although the long-term trend in retail appears to be for smaller outlets to compete through specialisation. Both small and big retailers can benefit from reducing barriers. In particular, reducing red tape and regulatory burden and increasing transparency will benefit SMEs which lack resources to deal with complex legal and administrative requirements.

5. PREVENTING DISCRIMINATION OF CONSUMERS AND ENTREPRENEURS

SNAPSHOT: European consumers frequently complain about unjustified differences in treatment on the grounds of nationality or residence, despite the fact that they are not allowed under EU law (Article 20 of the Services Directive). For example, a telecom company refusing to sell Internet connectivity to nationals of a different country or utilities companies charging more for water to non-residents. Or an amusement park automatically rerouting consumers to the website of their country of residence, and only allowing direct debit payment of annual passes by customers who hold a national bank account.

APPROACH: The Commission will take action to ensure that consumers seeking to buy services or products in another Member State, be it online or in person, do not face diverging prices, sales conditions, or delivery options, unless this is justified by objective and verifiable reasons. In line with its geo-blocking initiative in the Digital Single Market Strategy and as part of a comprehensive approach to further increase fairness in the Single Market, the Commission will take measures – both legislative and enforcement actions – to fight unjustified different treatment of customers on the basis of residence or nationality.

2016:

Legislative action to prevent discrimination against consumers based on nationality or country of residence

So ...

- **Should the same product or service cost the same across the EU?**

Charging different prices in different markets is not illegal, and it is neither the Commission's competence nor intention to harmonise prices across the EU. Prices can vary for many objective and justified reasons. However, consumers need transparency and better opportunities to go for the best possible price or service available in the Single Market. They should not be prevented from accessing more attractive offers available in countries other than the one where they reside. Only objective criteria, such as different shipping costs, might justify a different treatment of consumers.

- **Why do you need additional action if this is already banned in EU law?**

Article 20 (2) of the Services Directive lays down that Member States should ensure that companies are prevented from treating customers differently on the basis of their residence or nationality. However, the broad legal formulations and the lack of targeted means of redress and enforcement tools have hampered the effectiveness of the provision. The Commission's initiative aims at reinforcing both the legal position of consumers and the available enforcement tools, including through the reform of the Regulation on Consumer Protection Cooperation

- **What is the link to geo-blocking?**

The Digital Single Market Strategy has already announced legislative action against geo-blocking. This refers to the blocking of access to webpages, rerouting and restriction of offers based on the country of residence of a consumer. The Single Market Strategy intends to address all geographically based restrictions and discrimination regardless of whether they happen when shopping over the counter or in an online context. To gather opinions on geo-blocking and other geographically based discrimination faced by customers in the EU, the Commission launched a public consultation in September 2015.

- **What has the Commission done so far to stop discrimination between consumers?**

The Commission can initiate action against Member States that do not ensure that companies respect the basic principle of Article 20 of the Services Directive. In September 2014, the Commission drew attention to discriminatory practices against customers by car rental companies. Following this, car rental companies committed in October 2014 to change their practices. They will differentiate prices

by a consumer's country of residence only where the difference can be justified by objective reasons. In summer 2015, the Commission started investigating similar practices of a major amusement park in France. These investigations are ongoing.

- **Where can consumers turn to in case of complaints?**

Consumers can contact their national European Consumer Centre or the Consumer authority of the country where the trader is established. There are also sector-specific bodies such as the European Car Rental Conciliation Service (ECRCS).

II - ENCOURAGING MODERNISATION AND INNOVATION

6. MODERNISING OUR STANDARDS SYSTEM

SNAPSHOT: Standards contribute to safety, innovation, and interoperability and are essential to building the Single Market. Standards can range from the minimum level of protection and safety of crash helmets, surgical masks or elevators, to joint methodologies to measure floor space (a fundamental question for companies involved in maintenance contracts). However, the standardisation process faces challenges from the changing nature of the economy and diversification of business models (globalisation, extended supply chains etc.), the ever expanding role of information and communication technology (ICT), the growing importance of services, and the bundling of goods and services in single packages.

APPROACH: The Commission will, by way of a Joint Initiative, modernise its existing standard-setting partnership in co-operation with the relevant interlocutors: industry, the European Standardisation Organisations, SMEs and all other interested parties. Building on the successful experience on product standards, the specific objectives of the forthcoming Joint Standardisation Initiative will be for Europe to continue developing as an international hub for standardisation, to allow realising the potential of service standardisation and to align the outputs of the European standardisation system with broad EU policy priorities.

2016:

Joint Initiative on Standardisation
Dedicated guidance on service standardisation

So ...

- **Is the Commission going to impose the same standards on anyone?**

Standards boost innovation and competition by providing the option of a stable and accepted technical basis on which further progress can be based. However, they are generally voluntary, so anybody who wants to take a different approach is free to do so – provided that they can show that the relevant safety and other essential requirements are met.

- **Are standards appropriate for services?**

Voluntary standards which respond to market needs can significantly improve company efficiency, allowing for better resource allocation and focus on core activities. They can help improve the quality of the service. Standardisation of services is increasingly taking place at national level. At European level, service standards can play an important role in enhancing the cross-border provision of services, improving market transparency, service quality and the performance of service providers.

7. MORE TRANSPARENT, EFFICIENT AND ACCOUNTABLE PUBLIC PROCUREMENT

SNAPSHOT: Public procurement is critical to the European economy. EU rules aim to ensure the efficient use of taxpayer money, reduce corruption and modernise public administration. Public expenditure on goods, works, and services represents close to 19% of EU GDP: more than €2.3 trillion are spent annually in the EU. Transparent and competitive public procurement across the Single Market creates business opportunities and contributes to more efficient public administration, economic growth and job creation. EU law sets out minimum harmonised public procurement rules which have to be transposed into national law by April 2016 (by October 2018 in the case of e-procurement).

APPROACH: To speed up investment and avoid protracted litigation, the Commission will assist Member States with a voluntary ex ante assessment mechanism of the procurement aspects of certain large-scale infrastructure projects. It will promote networking between first instance review bodies and provide legal and technical assistance for Member States to establish fast and fair remedy bodies. The Commission together with Member States will establish contract registers covering the whole life cycle of contracts. This will improve the transparency and the quality of national procurement systems and support the development of a data analytics and anomaly-detection tool. In a nutshell, we propose a better governance of one fifth of our GDP. This voluntary ex-ante assessment does not prejudice the Commission's prerogatives under the Treaty.

2017:

Voluntary ex ante assessment mechanism of the public procurement aspects of certain large infrastructure projects

2017-2018:

Initiatives for better governance of public procurement through establishment of contract registers, improved data collection and a networking of review bodies

So ...

- ***Does the Commission only want to improve national tenders or foster more pan-European awards?***

Both. Currently, the proportion of public procurement contracts awarded cross border is low. This in effect restricts competition for public contracts which means tax payers are not getting value for money and not getting the best public goods and services.

- ***Won't the assessment mechanism for infrastructure projects just delay the building of projects that Europe badly needs?***

Presently, too much time is spent in finding out whether a large scale investment project conforms or not to the procurement rules. Under the proposed mechanism, the Commission will deliver its opinion within a timeframe which should not generally exceed three months following the notification of the project.

8. CONSOLIDATING EUROPE'S INTELLECTUAL PROPERTY FRAMEWORK

SNAPSHOT: The protection of intellectual property is important for promoting innovation and creativity, which in turn generates jobs and improves competitiveness. The EU needs an attractive, affordable and efficient IPR system to compete on the global scale. This is particularly important for SMEs who do not have the same level of resources to manage their IP portfolio as bigger companies. Despite the recent progress made with the adoption of the Unitary Patent system and the trademark reform, IP protection in the EU remains fragmented.

APPROACH: The Commission will push through final steps to make the Unitary Patent a reality and clarify how it will interact with national patents and national supplementary protection certificates. As already announced under the Digital Single Market Strategy, the Commission will review the enforcement of EU intellectual property rules in line with the “follow the money” approach, the aim of which is to deprive commercial-scale infringers of their revenue flows, rather than pursuing individuals for infringing IPRs.

2016-2017:

First award of the Unitary Patent

Initiatives to modernise the intellectual property (IP) framework, including measures to support the use of IP by SMEs and a review of the IP enforcement framework

So ...

- **What will the review of the EU intellectual property enforcement framework comprise? Will it duplicate work under the Digital Single Market strategy?**

The work under the Single Market strategy will complement the work started under the Digital Single Market. While the Digital Single Market will focus on the modernisation of the EU copyright rules, including the enforcement of copyright, the Single Market Strategy focuses on the EU intellectual property enforcement more in general, including aspects which are not related to intellectual property infringements online. Following public consultations, the Commission will decide whether regulatory or non-regulatory actions are needed in the future.

- **What is the state of play of the Unitary Patent?**

Since Italy recently joined the Unitary Patent, the number of Member States participating through enhanced cooperation has risen to 26. Also in 2015, an agreement on the cost of patent protection was reached. The Commission is calling on all remaining participating Member States to ratify the Unified Patent Court Agreement as soon as possible so that the Unitary Patent package comes into force by the end of 2016.

- **What are the supplementary protection certificates (SPC)?**

SPCs are an intellectual property right that serves as a time-limited extension to a patent right. They apply to specific pharmaceutical and plant protection products that have been authorised by regulatory authorities.

- **Will this only benefit the pharma industry?**

No. SPCs are crucial not only for producers of pharmaceuticals and medical equipment, but also to animal health products and crop treatment products and potentially other sectors that are subject to market authorisation for their products.

III - ENSURING PRACTICAL DELIVERY

9. CREATING A CULTURE OF COMPLIANCE AND SMART ENFORCEMENT, STRENGTHENING THE SINGLE MARKET FOR SERVICES AND GOODS

SNAPSHOT: One of the main reasons why not all the opportunities the Single Market offers on paper are a reality today is that EU law has not been fully implemented and enforced. In mid-2015 around 1090 infringement proceedings were pending. Non-compliance weakens the Single Market and lowers citizens' confidence in it. Much can be done by enforcing the existing rules better.

In addition, enforcement also consists of national authorities ensuring that products are safe and comply with the rules. There are still too many unsafe and non-compliant products sold on the EU market, which puts compliant businesses at a disadvantage and endangers consumers.

In several areas, the principle of mutual recognition which ensures that goods that are lawfully marketed in one Member State enjoy the right to free movement and can be sold in another Member State is not being applied. This prevents companies, and especially SMEs, from selling their products elsewhere in the EU.

APPROACH: The Commission will work hand in hand with Member States and stakeholders to create a smart and collaborative culture of compliance. The Commission will propose a regulatory initiative to collect comprehensive, reliable and unbiased information from selected market players to improve the Commission's ability to monitor and enforce EU rules. Moreover, it will strengthen the market surveillance mechanism to detect unsafe and non-compliant products and to remove them from the EU market. It will also reinforce the application of the mutual recognition principles. Finally, the Commission will reinforce preemptive measures to avoid the creation of new barriers in the market for services

2016

Proposal for market information tools allowing the Commission to collect information from selected market players

Legislative proposal to improve the existing notification procedure under Directive 2015/1535 for services
Action Plan to increase awareness of the mutual recognition principle

2016-2017:

Comprehensive set of actions to further enhance efforts to keep non-compliant products from the EU market (including a possible legislative initiative)

2017:

Revision of the Mutual Recognition Regulation
Data analytics tool for monitoring Single Market legislation

So ...

• *What is the Single Market Information Tool going to be used for?*

Experience in the competition policy field shows that they help gather robust information for the Commission to develop more focused and efficient policy and enforcement. Whilst the situation in the Single Market area is different, information tools can be helpful to gather a better understanding of market operators' behavior, in particular private firms, in Single Market areas as for example geoblocking or cross-border parcel pricing.

- **Will the Single Market Information Tool put additional burden on companies?**

The market information tools (SMIT) would only be used when the Commission has grounds to believe that there is a problem the SMIT can help solve. It will be used selectively and only in particularly important cases, for example once a proper screening of all available information shows the need to gather input directly from market players.

- **What would be the purpose of the notification procedure?**

New or changing technical regulations in Member States can create unnecessary and unjustified technical barriers to trade. Discrepancies between national rules can impose additional costs on exporting companies and restrict inter-EU trade. A more effective procedure, covering a broader range of services and allowing the Commission and other Member States to examine and comment draft national laws, will ensure better functioning of the services market. It will increase transparency and allow better assessment of the proportionality of new measures.

- **Will the Commission be able to oblige companies to respond e.g. with sanctions?**

This question is to be assessed and determined in our future proposal.

- **What will the Commission do to prevent that non-compliant products are sold on the EU market?**

The Commission will help businesses to ensure that they have all relevant information on product compliance. It will modernize and clarify businesses' obligations to supply only compliant products. In addition, the Commission will also take actions to strengthen market surveillance for products in the EU, for more and swifter checks on products and faster withdrawal of non-compliant products.

- **How can existing barriers be eliminated and new barriers be prevented from being built up?**

The Commission wants to tackle recurrent barriers by a strengthened application of the principle of mutual recognition. More and better mutual recognition in the field of goods will be achieved in particular through a revision of the Mutual Recognition Regulation which should grant an effective right for companies to free circulation within the Union of products that are lawfully marketed in a Member State. The Commission wants to build on the positive experience of the Single Market Transparency Directive (EU) 2015/1535. This Directive foresees that a draft regulation in the area of goods (industrial, agricultural and fishery) and of Information Society services should be notified to provide the Commission and other Member States with the opportunity to examine whether it has the potential to create barriers to trade in the internal market. This allows clarifying and preventing problems from arising, in the spirit of mutual cooperation and without the need for infringements, and would be a helpful practice to extend to the area of services.