

**Background information for the Call for expression of interest for border regions
to participate in a pilot to overcome barriers for
cross-border business activities**

The European Commission has announced in its SME strategy¹ that it will support - via a pilot - pioneer partnerships among border regions to enhance cooperation in enforcing the single market and removal of administrative barriers, notably in the service sector.

The Commission Staff Working Document “Business Journey on the single market: Practical Obstacles and Barriers”² identifies 31 barriers that prevent businesses from exploiting the full potential of the Single Market.

In its “Long term action plan for better implementation and enforcement of single market rules³”, the Commission has acknowledged that further integration and improvement of the service market could increase the EU-GDP by some 300 billion EUR per year. Despite the fact that the Services Directive facilitated the cross-border service provision since its adoption, the intra-EU share of trade in services reaches around 8% of the EU-GDP, while the intra-EU share of trade in goods account for 25% of the EU-GDP⁴. At the same time, the European Union is a service economy with an overall share of 70% in the Union’s GDP.

As the Commission’s Communication “The Single Market in a changing world⁵” already pointed out, with increasing globalised competition, the competitive advantage of the Union rests in the service input and the service component of the different value chains. Cross-border service provision is therefore key to the future competitiveness of the Union. This is even more valid in light of the efforts to relaunch the EU economy after the COVID-19 crisis and the need to become more resilient.

A study contracted by the Commission⁶ on the economic impact of border obstacles on GDP and employment levels in internal land border regions estimates that, even if only 20% of the existing obstacles were removed, border regions would increase their GDP by 2%

The present call should also provide synergies with the proposed European cross-border mechanism (ECBM)⁷, which aims at resolving legal and/or administrative border obstacles under national law⁸ with regard to cross-border projects. ECBM achieves this either through a European Cross-Border Commitment, which itself enables derogation from normal rules, or through a European Cross-Border Statement, whose signatories will need to undertake further legislative actions to amend normal rules. Cross-border projects in the context of ECBM cover a piece of infrastructure managed by or a cross-border public service provided by a (mainly public-law) entity. The ECBM can therefore only resolve border obstacles for a specific project of a specific entity under national law, whereas the pilot may also address border obstacles under EU law.

¹ COM(2020) 103 final of 10 March 2020, p. 13.

² SWD(2020) 54 final of 10 March 2020, p. 11.

³ COM(2020) 94 final of 10 March 2020, p. 2.

⁴ COM(2018) 772 final of 22 November 2018, p. 5.

⁵ COM(2018) 772 final of 22 November 2018, p. 15.

⁶ Politecnico di Milano (2017) 'Quantification of the effects of legal and administrative border obstacles in land border regions'; see COM(2017) 534 final of 20.9.2017, p. 6; for more details see its accompanying SWD(2017) 307 final of 20.9.2017, point 2.2, p. 20-22.

⁷ COM(2018) 373 final of 29 May 2018.

⁸ Including national law transposing (correctly) EU Directives.