

Report 2023 -2024

Single
Market
Enforcement
Taskforce

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# Introduction

"Europe's Single Market is key to our competitiveness. It allows goods, services, money and people to move freely, opening up markets and making life easier for people, companies and investors."

Ursula von der Leyen, Political Guidelines for the Next European Commission 2024–2029, 18 July 2024

The Single Market is one of the major achievements of the European Union and it is at the heart of the EU's long-term competitiveness and resilience. It gives Europeans the freedom to travel, work and live anywhere in its territory, and companies the right to establish, invest and do business across Member States as if there were no borders.

Nevertheless, 30 years after the creation of the Single Market, barriers are still fragmenting it, undermining the EU's competitiveness. The Single Market Enforcement Taskforce (SMET) is one of the instruments that effectively tackles such barriers. By doing so, SMET contributes to the simplification and the reduction of administrative burden in the Single Market. At the same time, it ensures a good balance between different policy objectives and the four freedoms<sup>1</sup>.

In its Conclusions from April 2024<sup>2</sup>, the European Council calls for further action on key competitiveness drivers, to enable the implementation of the European competitiveness deal. The first driver is the Single Market, and the Council asks for "Deepening the Single Market by removing remaining barriers..., and by fully implementing and enforcing the free movement rules".

In July 2024, President von der Leyen wrote in her Political Guidelines for the next European Commission<sup>3</sup> "We need a new momentum to complete the Single Market in sectors like services, energy, defence, finance, electronic communications and digital. This will allow our companies – especially our small and medium-sized enterprises (SMEs) – to scale up and make the most of the market." She also stressed the need for better enforcement and implementation of EU rules and fewer administrative burdens.

In his report "Much more than a market" from April 2024, Enrico Letta emphasises the need to cultivate a compliance culture within public authorities across Member States for the effective enforcement of Single Market rules. In "The Future of European Competitiveness" <sup>5</sup> report, Mario Draghi underlines that the fragmentation of the Single Market has a negative impact on the competitiveness of the EU and suggests that the first building block for the EU's new industrial strategy should be its full implementation. Furthermore, Sauli Niinistö<sup>6</sup> stresses the importance of the Single Market for EU's preparedness to address global challenges.

<sup>1</sup> https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Single\_market

<sup>2</sup> https://www.consilium.europa.eu/media/m5jlwe0p/euco-conclusions-20240417-18-en.pdf

<sup>3</sup> https://commission.europa.eu/about-european-commission/towards-new-commission-2024-2029/president-elect-ursula- von-der-leven en

<sup>4</sup> https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

<sup>5</sup> https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead\_en

<sup>6</sup> https://commission.europa.eu/topics/defence/safer-together-path-towards-fully-prepared-union\_en

Bringing compliance, enforcement and burden reduction under the political spotlight is a promising step towards further improving the Single Market. Almost 5 years after its creation, SMET has proven its ability to fight Single Market barriers. By doing so it has simplified doing business and reduced administrative burden. Key to SMET's ability to deliver concrete results is its collaborative and targeted approach. Under the guidance of the Competitiveness Council and the European Parliament, SMET has gradually developed an operational approach that has the objective of making the Single Market perform better and be more competitive and resilient to crises. SMET is determined to continue its efforts in this direction and strive to unlock the full potential of the Single Market.

# 1. How SMET works

#### 1.1. Who we are and what we do

SMET was set up in 2020 with the aim of strengthening the efficient implementation and enforcement of the Single Market rules on the ground. The taskforce is a cooperative platform where Member States and the European Commission work together on eliminating or reducing concrete barriers that hamper the freedom of citizens to travel, work or live across the EU and of EU businesses to operate across-borders in the Single Market. SMET helps make business easier and faster in Europe.

SMET consists of high-level Member State representatives from ministries responsible for Single Market issues and the European Commission, represented by the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs. It operates at two levels:

- 1) a high-level decision-making SMET forum, which sets priorities, monitors progress and, when needed, discusses specific actions and takes decisions;
- 2) a 'sherpa level' where Member States and Commission experts meet to discuss the barriers in greater detail, develop solutions and exchange experience. Four SMET meetings and eleven sherpa meetings were organised in the past year<sup>7</sup>.

Furthermore, other administrations and bodies, both at national and EU level, are actively involved in specific projects, where policies come under their responsibility. The role of stakeholders in the work of SMET has also gradually increased, including them in identifying barriers, designing projects and ensuring follow-up action.

<sup>7</sup> For a more detailed overview of SMET meetings see Annex 1 and the SMET web page: https://ec.europa.eu/internal\_market/smet/meetings/index\_en.htm



With its unique approach, SMET work is intended to complement the existing enforcement instruments, not to replace them. The value added by the taskforce is based on the following features:

- close cooperation between Member States and the European Commission
- involvement of interested groups national authorities, stakeholders, other public and private
- organizations
- focus on removing concrete barriers by proposing targeted action
- voluntary participation in the specific projects
- · complementary nature of SMET projects and other actions taken at EU level
- · raising awareness of the challenges

SMET's work is structured around two main groups of activities: SMET projects and strategic discussions.

# 1.1.1. SMET projects

A major part of SMET's work is organised around projects aiming to address very concrete and pressing barriers faced by businesses and citizens in the Single Market. Preconditions for the success of a SMET project are clearly defined problems and delivery of practical solutions.

Areas for potential projects are agreed by SMET, based on stakeholders' input and proposals from Member States. In the project preparation phase, specific barriers to the Single Market in the agreed areas are identified. SMET gives priority to the barriers which are the most pressing, raised by significant number of stakeholders and Member States. A preliminary check is used to verify whether these can be tackled by SMET (see annex 2).

To make the project feasible, concrete actions, possible solutions and good practices for addressing the barriers are defined. Once ready, the projects are proposed for approval by SMET. To keep the workload manageable, the total number of ongoing projects is limited and the "one in, one out" principle is used. Participation in projects is voluntary and a SMET member can opt out.

During the implementation phase, SMET/sherpa members work with national authorities to determine whether identified good practices and solutions can be applied in the respective Member State. Thus, Member states make a commitment to introduce all or some of the identified good practices and solutions and they report regularly on the progress. Once the project is completed, the results are published in the SMET report and on the SMET webpage.



Detailed information about the SMET projects can be found in Section 2 of this report.

# 1.1.2. Strategic discussions

SMET dedicated part of its work to strategic discussions following appeals to strengthen and deepen the Single Market. Enrico Letta's Report, the Antwerp Declaration for a European Industrial Deal, the conclusions from the special European Council in April 2024 and the Competitiveness Council in May 2024, and the Draghi report, all these sources call on the Commission and Member States to preserve and develop the Single Market to respond to unprecedented global challenges.

In the last two years SMET launched several discussions to explore the Member States' views about key policy questions related to the Single Market and identify the potential prospects ahead. Some of the discussions are of a strategic nature, for example how to further develop the compliance culture or increase the efficiency of the Single Market services. Others go into more detail – e.g. improving specific Single Market tools (SOLVIT, Internal Market Information System (IMI), Single Market Transparency Directive (SMTD) and promoting stronger interaction between them. Furthermore, those discussions have the potential to become projects, if SMET members agree to take concrete action in these areas in the future.

More information about the recent strategic discussions in SMET, including on compliance culture, can be found in Section 3 of this report.

# 1.2. Improving transparency and stakeholder involvement

SMET is constantly taking steps to increase transparency and the involvement of stakeholders in its work. By doing this, it aims to ensure that its actions to improve the functioning of the Single Market respond to the needs of businesses and citizens.

Although external stakeholders are not part of SMET formally, the work of SMET takes into account their views through different channels, at all stages of the process and offers targeted participation:

- Identification of barriers to the Single Market in addition to regular checks of stakeholders'
  publications, the SMET secretariat and SMET members are organising meetings with one or
  more stakeholders to better understand the main challenges for the smooth functioning of the
  Single Market.
- Project preparation stakeholders are invited to SMET and sherpa meetings to help design new projects. Specific stakeholder input is key for gaining a practical insight and defining the problem, the scope of the project and the potential solutions or good practices that can be promoted by SMET.
- **Project implementation** stakeholders provide feed-back on how the implemented actions work in practice. With this, SMET aims to verify whether the results meet stakeholders' expectations and what further steps can be taken.

The above practices of engagement with the stakeholders are highly relevant for the new Commission. In the Mission Letters<sup>8</sup> each Commissioner is tasked with holding regular dialogues on implementation with stakeholders, to discuss how best to align implementation with realities on the ground. This can make an important contribution to removing the most significant barriers for companies operating in the Single market.

In May 2024, SMET presented its work to the Industrial Forum Task Force 1 and launched a discussion on existing Single Market barriers and possible topics for follow-up by SMET. The objective is to have similar exchanges with Task Force 1 on annual basis. In addition, Member States are invited to connect with the business communities at the national level and bring their input to the discussion on barriers at EU level.

Good cooperation with experts from the specialised administrations at national and EU level is also crucial for the success of the SMET projects. For example, working with energy and climate experts was necessary to achieve results with the renewables permitting project, while employment services play a key role in advancing the project on the cross-border provision of services.

At the end of 2023, the new SMET website became fully operational, making the work of the taskforce more transparent and inclusive. Today, it provides general information about SMET, contact information for its members and secretariat, details on the ongoing and closed SMET projects and summaries of the SMET meetings.

As a next step, SMET is discussing the possibility of developing a section for stakeholder feed-back, to further extend its relations with interested groups and individuals. In addition, SMET will consider ways to further develop systematic stakeholder cooperation.

More information about the structure, functions and objectives of SMET can be found on the SMET website and in the previous reports.

<sup>8</sup> https://commission.europa.eu/about/commission-2024-2029/commissioners-designate-2024-2029\_en

# 2. SMET projects

In 2024, SMET finalised its work on two projects:

- Streamlining permitting procedures for wind and solar energy projects (section 2.1).
- IBAN discrimination (section 2.2).

SMET continued to work on projects which started in previous years:

• Streamlining administrative requirements for cross-border service providers (section 2.3).

In 2024, SMET launched projects in the following areas:

- Improving the authorisation process for placing new biosolutions on the market (section 2.4).
- · Facilitating the opening of bank account (section 2.5).
- · Territorial supply constraints (section 2.6).

# 2.1. Streamlining permitting procedures for wind and solar energy projects



# **Background**

Greening our economy and making it more resilient and sustainable requires significant investment in renewable energy sources. Furthermore, the recent energy crisis showed that we need to ensure energy security including by increasing the production of renewable energy in Europe. One of the things that can support this is streamlined permitting procedures. However, despite improvements, lengthy and complex permit-granting procedures across Member States remain a key bottleneck for the deployment of wind and solar energy installations, entailing significant costs and risks for project developers and investors. Stakeholders consistently highlight the need to improve permitting if we are to meet the 2030 renewable energy targets. This is a prerequisite for avoiding unnecessary delays in investment, realisation of projects with outdated and less efficient technology, and a lack of mature project participation in auctions.

To address barriers to permitting for wind and solar energy projects and to promote good practices in the permit-granting process, SMET launched this flagship project in 2022 and constantly developed it further with the help of stakeholders.

The project was also a good example of cooperation between different Commission services, involved in the topic. It complemented and reinforced a number of measures for streamlining the permitting process for renewable energy, at both EU and national level, including revisions of the Renewable Energy Directive. In May 2024, the Commission also adopted a revised Recommendation and Guidance on speeding up permit-granting procedures for renewable energy and related infrastructure projects.



# **Objectives**

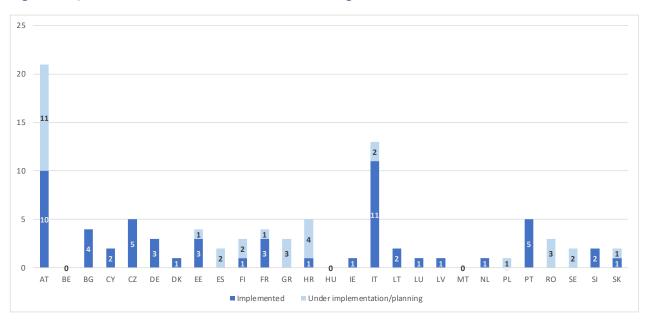
To make it easier for businesses to launch renewable energy projects through simpler and faster permitting process for wind and solar energy installations.



#### **Deliverables**

- SMET reviewed more than 170 administrative barriers reported by stakeholders in the "RES Simplify" study<sup>9</sup>. In cooperation with officials from national energy and climate authorities, it confirmed and agreed to work on removing 91 barriers to smooth permitting for wind and solar energy installations.
- A major part of the confirmed barriers had been tackled by the end of 2024. The measures for the remaining barriers require longer implementation deadlines, some of which up to 2026.

Figure 1: Implementation of the measures for addressing the confirmed barriers



Source: Member States input in SMET wiki

- A second workflow was launched at the beginning of 2023. With the help of stakeholders, SMET selected five key solutions for improving the permitting process. Those are explained in the box below.
- » clear information on the whole permitting process, including in English, to help companies better understand and follow the process, including for cross-border investments.
- » one-stop shop, limiting the number of authorities to be contacted and saving time and resources to project promoters.
- » **clear deadlines** for all steps in the process ensuring that business can plan their projects and rely on the planning.
- » tacit agreement/positive administrative silence (under clearly defined conditions and unless a reply is required by EU law) for parts of the permit granting process. This can guarantee that no unnecessary delays will occur.
- digital permitting to speed-up the permitting process and reduce costs for applicants.

<sup>9</sup> Technical support for RES policy development and implementation – simplification of permission and administrative procedures for RES installations (RES Simplify) - Publications Office of the EU (europa.eu)

- Stakeholders from the wind and solar industry presented to SMET members the practical challenges they face when applying for permits and how those can be addressed, giving them arguments for accelerating the reforms at national level.
- Presentations of best practices and lessons learned were organised a thematic sherpa meetings.
- Overall, Member States reported good progress in introducing the five solutions. In 53 cases those solutions have been fully implemented; in 62 cases they were under implementation or consideration, and in 15 cases they were not considered.
- Stakeholders were further engaged in the project to validate whether the reported improvements work well on the ground and provided detailed feed-back to national authorities on request.
- Overall, they confirmed that the permit-granting process has become more efficient in most EU countries, but at a different pace and to different extent.
- One significant outcome of the project was that the active involvement of stakeholders, driven by European industry associations WindEurope and SolarPower Europe, helped achieve better results. It was also concluded that the adoption of new legislation is not sufficient, and more effort is needed to improve permitting for wind and solar power projects in practice.
- After the formal closure of the project, SMET will continue monitoring progress with the two
  workstreams and publish the updated results on its website. In cases of major problems, work
  with the concerned Member State/s will be organised on a bilateral basis.
- New challenges related to the uptake of the renewable energy sources might be considered at a later stage under a new project.

Table 1: Progress in implementing the selected solutions/practices

	AT	BE	BG	CY	CZ	DK	DE	EE	EL	ES	FI	FR	ΗU	HR	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SK	SI
clear information																											
one-stop-shop																											
clear deadlines																											
tacit agreement																											
digital permitting																											

suggested solution/practice is already in place
suggested solution/practice is in the process of <b>implementation/</b> partially implemented
suggested solution/practice will be further discussed
we <b>do not plan</b> to introduce this practice

Source: Member States input in SMET wiki

#### 2.2. IBAN discrimination



### **Background**

The project was launched to tackle the difficulties encountered by people and businesses in using their payment accounts for payments in other EU Member States. In some cases, this required them to open a new payment account in the host country, which can be also challenging.

The 2012 Single Euro Payment Area Regulation (SEPA Regulation (260/2012) forbids economic operators from specifying the Member State in which the payment account to be debited or credited is located.

Despite this directly applicable rule, some companies and even public administrations still discriminate foreign International Bank Account Numbers (IBAN) by refusing to make or receive payments to/from non-domestic payment accounts.

For the purpose of the project, SMET decided to focus on the IBAN discrimination by the public sector and telecoms operators. The consequences of discrimination by public authorities can be more serious because often there is no alternative service available.

Cases of IBAN discrimination are reported through various channels, including SMET, SOLVIT, Your Europe Advice and via business stakeholders.



# **Objectives**

To ensure that citizens and businesses can make and receive payments throughout the Single Market by using their payment accounts regardless of the country code or length of its IBAN.



#### **Deliverables**

- SMET analysed the complaints received from the "Accept my IBAN" platform<sup>10</sup>, and agreed to focus its work on five areas.
- Concerning the public sector, SMET worked on taxes, welfare payments, pensions and health care payments (health insurance contributions and reimbursement of medical expenses). In the private sector, the work focused on the telecommunications sector.
- SMET members mapped the occurrence of IBAN discriminatory practices in the selected areas.
  The replies they provided indicated that a limited number of IBAN discrimination cases had
  been found. However, some of the replies were based only on a check for complaints collected
  by the national authorities responsible for the SEPA enforcement, rather than direct contacts
  with the relevant public authorities and telecoms operators.
- A large part of the reported challenges was linked to telecoms. No strong commitment was shown by stakeholders from the telecommunication sector to promptly deal with the problem and comply with the EU rules.

<sup>10 &</sup>quot;Accept my IBAN" platform

- SMET members worked together with the responsible national authorities and stakeholders
  to determine the reasons for these discriminatory practices, ranging from national legislation,
  internal organisation rules and software limitations to a simple lack of knowledge about the EU
  rules.
- During 2024, SMET maintained close cooperation with the stakeholders, in a bid to understand
  whether the national measures implemented to address the identified issues have been
  successful in reducing the number of complaints about discriminatory practises.
- According to the data provided by the "Accept my IBAN" platform, complaints concerning IBAN discrimination have dropped by around half in 2024, compared to 2023.
- The key outcomes were an increased awareness of the problem and the progress with removing discriminatory practices when making or receiving cross-border payments.
- SMET will continue to monitor the developments after the closure of the project to verify
  whether the number of complaints is decreasing. If the number of complaints increases, SMET
  will consider returning to the project, holding bilateral meetings with Member States or initiating
  formal proceedings if any practices involve breaking the law.

Table 2: State of play of IBAN discrimination practices per Member State

		Eurozone Member States										ı	Non-Eurozone Members States															
	AT	BE	CY	DE	EE	EL	ES	FI	FR	HR	IE	IT	LT	LU	LV	MT	NL	PT	SK	SI		BG	CZ	DK	HU	PL	RO	SE
Tax authorities																												
2. Pension services providers																												
3. Social services providers																												
4. Health insurance providers																												
5. Telcos																												
IBAN accounts from other SEPA count																						EFTA IS	Coun	tries NO				
IBAN numbers from other SEPA count IBAN accounts from other SEPA count						t we ar	re wor	king o	n a soli	ution																		
Not applicable	uries ar	e not a	arways	accep	teu																							
No answer																												

Source: Member States input in SMET wiki

# 2.3. Streamlining administrative requirements for cross-border service providers



# **Background**

Enforcing existing rules and removing national barriers, in particular barriers to the cross-border provision of services is a priority for a well-functioning Single Market. At the same time, the high social standards as promoted by the European Pillar of Social Rights and ensured in EU law also needs to be respected. The complexity and the burden of the administrative requirements put into place for cross-border service providers when posting their workers feature high on the list of barriers identified during consultations with stakeholders, in workshops and reports on the Single Market.

Companies that provide cross-border services have repeatedly stated that while ready to fulfill the social policy objectives they are confronted with the administrative obstacles that are making it increasingly difficult (sometimes impossible) to provide these services.

Administrative requirements must be justified and proportionate. The freedom to provide services needs to be balanced with the protection of workers' rights.

The impacts of some of the administrative requirements and complexities are however discouraging the free movement of services in the Single Market and thus shrinking the positive contribution of the Single market to the competitiveness and resilience of the European economy.

In sum, it is important that social standards such as worker protection are maintained and enforced efficiently. Reducing bureaucracy and further development of these standards must go hand in hand.



### **Objectives**

To reduce the administrative burden service providers experience when providing cross-border services, while at the same time maintaining protection for workers.



#### **Deliverables**

 SMET identified eight best practices that reduce the administrative barriers cross-border services providers are confronted with. At the same time, these best practices can be applied in a way that does not compromise the protection of workers' rights.

#### Best practices used by some Member States and put forward in SMET

- Targeted approach require a prior declaration only in the areas where there is a substantial risk for non-compliance with posting rules.
- » **Short-term exemptions** do not require a prior declaration when the cross-border service is provided for a short period.
- » Grace period allow service providers up until the end of the first day of work to make the prior declaration.
- » **Number of documents** only require key documents like employment contract, payslip, and timesheets.
- » Providing documents give service providers a reasonable time to submit documents if requested.
- » Translation requirements allow service providers to submit documents in any EU language.
- » Physical presence of contact person allow service providers to decide whether their contact person (responsible for liaising with labour authorities on substantive matters) will be in the host Member State or easily reachable from a distance.
- » Availability of contact person do not require a contact person to be available after posting.
- SMET members have been working with the responsible colleagues, enforcement authorities and different stakeholders, on how to implement the best practices.
- Progress on the best practices that have the highest potential to reduce administrative burden (Targeted approach or the Short-term exemption) has been limited. So far 11 Member States have expressed their readiness to consider one of these best practices. While recognising that introduction of these best practices may often require legislative changes at the national level, the progress on the implementation of these best practice has been rather slow. Implementation of these practices would result in a substantial reduction of the administrative burden for service providers that need to make prior declarations. Furthermore, this would allow the authorities responsible for the inspections and controls to make best use of their limited capacities.
- Substantial progress has been made in implementing best practices related to number of Documents and Contact persons. As a result, service providers have to keep available fewer documents and have more freedom to appoint the contact person of their choice.

- SMET organized a thematic sherpa meeting on how the administrative burden related to documents can be reduced. The Commission's eTranslation team presented different online translation tools available to national authorities and how they can be implemented.
- To support the uptake of best practices and the use of a country-specific approach to implementing them, the Commission held additional bilateral meetings with Austria, Romania, Slovakia, Bulgaria, Lithuania, Croatia, Estonia and Greece. Over the past two years the Commission met with a majory of the Member States<sup>11</sup>. These bilateral meetings led to a better understanding and multiple changes of position in several Member States.

Table 3: State of play of the selected best practices per Member State

	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	МТ	NL	PL	PT	RO	SE	SI	SK
1 - Targeted																											
2 - Short-term																											
3 - Grace																											
4 - Documents																											
5 - Provide																											
6 - Translations																											
7 - Presence																											
8 - Availability																											

Administrative requirements were already in line
Suggested best practice will be further discussed
Suggested best practice will not be considered

Source: Member States input in SMET wiki

# 2.4. Improving the authorisation process for placing biosolutions (biopesticides) on the market



# Background

Biopesticides are plant protection products based on micro-organisms instead of chemical substances<sup>12</sup>. After receiving approval at EU-level for the active substance, a biopesticide has to obtain authorisation at national level before it can be placed on the market. These procedures often take a long time, sometimes more than 8 years. Some innovative companies prefer to launch their new products in other markets (e.g. in the US), where a fast-track process for authorising biopesticides is applied.

There are several reasons for the lengthy authorisations. The process and the authorities responsible for authorisation of biopesticides are often the same as for chemical pesticides. However, the expertise needed to assess such products is different. In many Member States, there are not enough staff qualified to assess biopesticides (such as microbiologists, biologists, ecologists, etc.).

Furthermore, sometimes companies cannot receive advice on how to prepare the full dossier before submitting it and the costs for preparing the biopesticide application dossier can be high. Compliance and processing costs related to approval are particularly harmful for start-ups and smaller companies, thus also constituting a barrier to innovation.

For the national authorisation of pesticides, the EU is divided into three zones: Northern, Central and Southern. Through mutual recognition, EU Member States can authorise pesticides assessed

<sup>11</sup> Last year bilateral meetings were organized with Spain, Poland, Czechia, Sweden, the Netherlands, Ireland, Portugal, Slovenia, Luxembourg, Finland and Italy.

<sup>12</sup> Legal definition of the term biopesticide is under discussion at EU-level

by another country (zonal Rapporteur Member State) in their zone. Currently, the possibilities offered by mutual recognition are not fully exploited by many Member States.



# **Objectives**

To make it simpler and faster for businesses to obtain authorisation to place biopesticides on the market.



#### **Deliverables**

- SMET members agreed to explore the possibility of implementing the following good practices and solutions:
- » Introducing a **specific procedure** for authorising biopesticides.
- » Establishing **dedicated teams** for the assessment of biopesticides, with the necessary qualification and specialised training.
- » Offering **pre-submission advice** for applicant companies.
- » Mutual recognition for biopesticides that have already been authorised in another Member State (from the same zone).
- Preliminary results about the state of play of these practices can be seen in the table below.

Table 4: State of play of the implementation of selected solutions/practices

Practice/MS	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
Dedicated procedure for authorisation																											
Dedicated team for assessment is in place																											
Responsible authorities are hiring qualified people																											
Participation in training by DG SANTE																											
Pre-submission advice																											
Automatic /simultaneous mutual recognition																											

implemented
in the process of implementation
will be further discussed
will not be considered
Not applicable

Source: Member States input in SMET work

# 2.5. Facilitating the opening of bank account



### **Background**

People and businesses need access to bank accounts to fully exercise their Single Market freedoms. To this end, the Payment Accounts Directive grants consumers the right to a basic payment account. Nevertheless, consumers still often encounter problems while opening a payment account, particularly when they are in another Member State, or experience account closures. Furthermore, the Payment Accounts Directive guarantees that consumers cannot be subjected to discrimination, for instance, based on nationality or residency, when they want to open a bank account.

For businesses and NGOs, there is no comparable right to a basic payment account at EU level, as the Payment Accounts Directive is solely applicable to consumers. The lack of such a right is a particular challenge for SMEs that are active or thinking about becoming active on the Single Market. Having the possibility to open a bank account in another Member State facilitates timely payment of taxes, salaries, and other obligations and, in the case of companies and NGOs, can help increase business credibility and trust among local partners, suppliers and customers.



# **Objectives**

To make it easier for consumers and businesses to open a bank account in another Member State.



#### **Deliverables**

- On the SMET meeting of 24 September 2024, SMET Members have agreed to launch the project on facilitating the opening of bank accounts.
- A thematic sherpa meeting took place on 14 November 2024 where sherpas agreed with the proposed actions and deadlines for facilitating the opening of (basic) bank accounts for consumers and businesses/NGOs.
- On the workstream for consumers, SMET Members agreed to check the existence of:
  - authorities responsible for handling rejections /complaints
  - clear procedures for the applicant to follow in if their request to open a basic bank account is rejected
  - discriminatory practices applied to the online opening of bank accounts
  - discriminatory practices applied to fees
- On the workstream for businesses/NGOs, SMET Members agreed to check the existence of:
  - cases where national law grants businesses a right to a (basic) payment account
  - clear information on the conditions for opening a bank account
  - detailed justification provided along with rejections
  - simplified assessment of applications made by companies/NGOs established in the EU
- SMET Members also agreed to check the national legislation for the requirement to prove the customer's connection with the respective Member State.
- In 2025, thematic sherpa meetings on monitoring the state of play of above practices and on exchange of experience among Member States will be organised.

# 2.6. Territorial supply constraints



### **Background**

Territorial supply constraints are restrictions sometimes imposed by operators that make it difficult or impossible for wholesalers or retailers to buy products in one Member State and resell them in another. Studies show that this may deprive consumers in certain Member States of access to better prices and choice for products they use daily.

In principle, territorial supply constraints are dealt with by EU competition rules. However, competition law only applies when the territorial supply constraints are the subject of agreements or when they are carried out by one or more dominant operator(s) in a dominant position. A study carried out for the European Commission in the EU retail sector in 2020 confirmed that there are territorial supply constraints within the Single Market beyond the scope of competition rules.



# **Objectives**

To carry out a fact-finding exercise understand how widespread practices related to territorial supply constraints are across Member States and consider possible actions that would help businesses when sourcing in the Single Market.



### **Deliverables**

- During the meeting on 24 September 2024 SMET members, several Member States shared initial findings based on national experiences, research, or surveys.
- Most of the SMET members have not, to date, carried out any studies on territorial supply constraints. Multiple SMET members had received complaints on the issue, other had not.
- It was concluded that territorial supply constraints may be a problem for many Member States.
   Thus, it was agreed to deepen the analysis of territorial supply constraints within the framework of a fact- finding exercise.
- As part of the fact-finding exercise the SMET wiki was opened to collect further information on how different stakeholders experience territorial supply constraints and if and how Member States had been dealing with territorial supply constraints.

# 3. Strategic discussions

# 3.1. Compliance culture

The Single Market can only deliver its benefits if its rules are fully implemented. In its conclusions of 24 May 2024, the Competitiveness Council underlined that "an effective regulatory framework depends on correct and timely implementation and enforcement". It called on the Commission and the Member States to work together to create a compliance culture and put in place adequate tools and structures to ensure correct enforcement, implementation and application of Single Market rules. Compliance culture is also stressed in the Letta Report<sup>13</sup>.

Compliance culture can be regarded as an environment where the Commission and Member States act hand in hand, under a shared sense of ownership, to create a culture where correct implementation, application and enforcement of Single Market rules is valued and a priority at both the national and European level, through adequate tools and structures.

With its potential to be a driver in building such a culture, SMET launched a discussion on how to contribute to the specific compliance culture agenda. Several areas for improvement were identified by Member States:

- Applying better regulation principles through simpler and more harmonised legislation and extensive assessment of possible impacts of new legislation.
- Realistic implementation deadlines and support for a uniform implementation of new legislation.
- Consistent infringement procedures, wider use and better link of cooperation tools to ensure compliance (e.g. SMET, package meetings, EU-Pilots, SOLVIT, IMI).
- Prevention of new barriers, more guidance on and better use of the Single Market Transparency Directive and of the mutual recognition principle.
- Training on compliance culture for existing networks and various sectoral groups.
- Stronger political support, more coordination and better organisation at national and EU level.

To have a strong and vibrant compliance culture it is essential that the different teams in the Member States that work on the Single Market are in a position to effectively do their job as well as coordinate their positions accurately. SMET has been working to improve the different functions of the Single Market and will continue its work to improve the compliance culture.

#### 3.2. SOLVIT

SOLVIT is a network of 30 national centres based in government departments and agencies in all EU Member States and Iceland, Norway and Lichtenstein. SOLVIT centres solve problems encountered by people and businesses when moving or doing business across borders, caused by misapplication of EU law by public authorities.

SOLVIT and SMET share the common objective of facilitating the smooth functioning of the Single Market by removing barriers. Strengthening cooperation between the two tools at EU and national level is key to achieving better implementation of the Single Market rules.

<sup>13</sup> https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

Information from SOLVIT cases showing recurrent or systemic patterns of obstacles faced in the Single Market has been analysed and used by SMET for its work on the current projects, as well as for identifying future priorities. In 2023 – 2024, evidence from SOLVIT cases was used in SMET, for example for the projects on IBAN discrimination and opening bank accounts.

In the context of improving compliance culture and addressing barriers in the Single Market, a joint SMET (at sherpa level)-SOLVIT meeting was held in October 2024 to discuss how to improve effectiveness in dealing with barriers in the Single Market by strengthening cooperation at national level.

# 3.3. Internal Market Information System (IMI)

The Single Market's public administrations help individuals and businesses exercise their freedoms by facilitating cross-border activities through mutual assistance and cooperation. To achieve this, public authorities use the Internal Market Information System (IMI) for secure and streamlined information exchange.

IMI allows public authorities to directly request information from other entities, reducing the administrative burden on citizens and businesses. However, the system's success relies on prompt and reliable responses. While generally effective, instances of delays can impact efficiency and create challenges for the requesting authorities.

SMET's goal was to make IMI work better. It started by reviewing the Posting of Workers modules and helping ensure that all responsible national authorities were registered in the IMI system. Then, the list with the authorities was verified. Afterwards, SMET worked closely with the European Labour Authority (ELA) to improve the functioning of IMI and address issues around "missing authorities". In the context of its IMI-PROVE programme and in cooperation with the IMI Team, the ELA is continuing this work with Member State representatives on potential improvements to further increase the efficient use of IMI.

# 3.4. Single Market Transparency Directive Notifications

The TRIS procedure under the Single Market Transparency Directive is one of the main EU instruments for preventing the emergence of regulatory barriers in the Single Market. It has helped prevent new barriers in the area of goods and information services – through a mixture of information exchange, dialogue and cooperation between the Member States and the Commission.

However, in recent years the Commission has observed worrying trends and bad notification practices among Member States, such as failure to notify draft technical regulations, non-compliance with the standstill period, abuse of urgency procedures, legal "creativity" to circumvent transparency requirements, etc.

Prevention of new barriers is the best approach to avoid fragmentation of the Single Market. SMET has raised awareness of the current problems and worrying trends in preventive action and mechanisms, notably TRIS, and debated possible effective solutions for tackling them.

# 4. Future directions

SMET has developed an innovative way of tackling Single Market barriers and problems. In recent years it has continuously improved its working methods and techniques of cooperation. The tangible results achieved clearly demonstrate the value of the "SMET method". Nevertheless, this progress should continue, especially with the focus on better involvement of business and other stakeholders, and on the selection and development of the new projects.

The stakeholders were involved in almost all SMET projects. Particularly, the success of the "Streamlining permitting procedures for wind and solar energy" project clearly demonstrates what can be achieved when business associations are able to engage in very concrete and focused work. In this regard more can be done not only at the EU level but also at national level, where the business communities face the Single Markets barriers on the ground.

SMET members and sherpas discussed several times ways to improve the process for selecting and developing new projects. Annex 3 of this report presents the agreed method. Work will continue, to make this process even more transparent, driven by the solutions to real problems (barriers) experienced by business when operating in the Single market. Nevertheless, it is important to ensure that SMET keeps its focus on very concrete barriers and tangible solutions, without creating unnecessary complexities in processes and procedures. It is also important to ensure that the data and evidence of the problems are gathered not only at EU but also at national and regional levels.

The work of SMET will remain focused on identifying and removing the most pressing barriers to the Single Market, including those affecting the green and digital transition, and the resilience of the EU. Efforts for the ongoing projects, including the flagship on facilitating the cross-border provision of services, will be continued.

With the closure of the projects on renewable energy permitting and IBAN discrimination there is space for new workstreams. SMET members will continue to investigate areas where Single Market barriers exist and will look for possible SMET interventions. Areas for potential projects include:

- free movement of services and digital transition service providers (including transport)
  that operate cross border are often confronted with complex systems and a high administrative
  burden. Issues that are often mentioned are the lack of harmonised digital procedures, lack
  of mutual recognition of certification schemes for (green) services and barriers to company
  establishment in another Member State.
- **retail** retailers operating cross-border are often confronted with restrictions that hinder their establishment and/or operations (as an example see the Retail restrictiveness indicator<sup>14</sup>).
- packaging and labelling requirements diverging national requirements for packaging and labelling (packaging waste, durability and reparability of the products, etc.) are fragmenting the Single Market and adding costs for companies trading across borders.
- **permitting, licensing and authorisation procedures** various permitting, licensing and authorisation granting procedures and the significant differences in their implementation by Member States, create a major burden for businesses seeking to launch new activities, including cross-border investment.

<sup>14</sup> Retail Restrictiveness Indicator (RRI) - European Commission (europa.eu)

- mutual recognition of non-harmonized goods the application of the mutual recognition procedures is still not optimal, for example in certain sectors, like food supplements, pesticides and precious metals.
- e-commerce growth in e-commerce has posed significant challenges for market surveillance authorities. The entry into the Single Market of non-compliant products may affect its proper functioning, harm producers and distort the level-playing field for law-abiding businesses.

The strong emphasis on the Single Market in the Political Guidelines and the Mission Letters for the next European Commission, as well as in the Budapest declaration adopted by the European Council, confirms the need for more effort to strengthen it. Its smooth functioning is in the centre of actions to enhance competitiveness of the EU. SMET is among the key drivers to address barriers and deliver concrete improvements for economic operators in the Single Market. Furthermore, this strong political support for the Single Market can serve as an impetus for strengthening the role of SMET in the coming years. One of the directions that can be explored is a well-structured follow up to the SMET work at EU and national level. In particular, in areas where results have not been satisfactory, the responsible services and authorities should analyse the SMET deliverables and take appropriate action.

The focused discussions on the SMET results in the COMPET Council could also be an important step in raising political awareness of the barriers in the Single Market and in promoting the swift implementation of the practical solutions. SMET will also continue to present its results to the European Parliament IMCO committee and various other stakeholders.

# Annex 1: Overview of the SMET meetings

1 February 2024	26th Sherpa Meeting	Meeting on General Affairs
6 February 2024	27th Sherpa Meeting	Thematic Meeting on IBAN Discrimination
12 March 2024	18th SMET Meeting	
21 March 2024	28th Sherpa Meeting	Thematic Meeting on RES Permitting
23 April 2024	29th Sherpa Meeting	Thematic Meeting on Administrative requirements for cross-border service providers
27 May 2024	30th Sherpa Meeting	Thematic Meeting on BioSolutions
4 June 2024	31st Sherpa Meeting	Meeting on General Affairs
18 June 2024	19th SMET Meeting	
24 September 2024	20th SMET Meeting	
9 October 2024	32nd Sherpa Meeting	Meeting on General Affairs
10 October 2024	32nd Sherpa Meeting	Meeting on General Affairs
24 October 2024	33rd Sherpa Meeting	Thematic Meeting on Territorial Supply Constraints
5 November 2024	34th Sherpa Meeting	Thematic Meeting on RES Permitting and BioSolutions
14 November 2024	35th Sherpa Meeting	Thematic Meeting on IBAN Discrimination and Facilitating the opening of bank accounts
26 November 2024	21th SMET Meeting	

# Annex 2: SMET projects – preliminary selection checklist

# SELECTION OF SMET PROJECTS - PRELIMINARY CHECK LIST (What SMET deals with and what it does not)

#### 1. Single market related barriers

 Obstacles can be linked to the free movement of goods, services, people, or capital within the EU.

#### **Examples**

Reducing administrative barriers for crossborder service providers, barriers to recognition of professional qualifications (high number of unnecessary documents; translation and certified translation of documents; prior checks etc.) which affect the free movement of professionals across the EU; burdensome permitting procedures affecting cross-border investment, etc.

- Relations with non-EU countries are not subject to SMET work;
- · Industrial policy;
- · Competition policy.

#### **Examples**

Different requirements which concern the import of goods or the provision of services from non-EU countries; decisions of Member States to provide fiscal stimulus packages, subsidies, etc.

#### 2. Barriers relevant to several Member States

Barriers introduced in many of the Member States.
 Those barriers might be the same, or may vary from country to country, but have similar negative consequences.

#### **Examples**

- 1) Under the Professional Qualifications Directive Member States are allowed to require prior checks for cross-border professionals on the basis of health or safety concerns. However, over the years all Member States have implemented prior checks for professions where there is no justified health or safety concern.
- 2) In all MS there are process-related barriers for obtaining RES permits. Those barriers may differ significantly from MS to MS, but they all result in delayed and burdensome permitting process.

SMET is a collective body.
 Thus, issues relevant to only one or a limited number of countries cannot be tackled by it.

#### **Examples**

Price caps for certain products in one or a few Member States; Introduction of a specific tax in a Member State, etc. (unless grouped with similar issues in other Member States).

### 3. Barriers should be linked to the practical enforcement/implementation of EU rules

 Obstacles may arise from "gold plating", implementation deficiencies at national level, legal or administrative burdens, inefficient practices by national authorities, etc.

#### **Examples**

- 1) Member States asking for unnecessary documents for the recognition on professional qualifications.
- 2) Under the Enforcement Directive Member States can choose how to shape the administrative requirements for cross-border service providers. They can choose which service providers have to make a declaration, which documents have to be provided and when, if contact persons have to be appointed, and several more administrative requirements.

- SMET does not work on proposals for EU legislation nor on transposition of EU law.
- SMET is not involved in proposing standards.
- SMET does not deal with legal proceedings.

#### **Examples**

When EU harmonized legislation is necessary; when there is an infringement case, etc.

#### 4. Barriers should be concrete

 SMET can deal with solving specific single market issues where there is sufficient data/information available. SMET members should be able to clearly identify and describe the problem, possible solutions and the timeframe for resolving it.

**Examples** 

On cross-border service providers, several very specific barriers have been identified for the SMET project — excessive document requirements; requirement for physical presence of a contact person in the host Member State, issues with short term exemption, etc.

SMET cannot address generally formulated problems.

#### **Examples**

Administrative requirements - general formulation without details on the specific features of those requirements.

#### 5. Barriers relevant for stakeholders

 Barriers tackled by SMET should have a major impact on individual or business stakeholders.

#### **Examples**

Making cross-border provision of services easier will help many EU businesses exporting/willing to export goods or services to other Member States. It will save them time and money. It will be beneficial to the general population – more competition leads to higher quality and lower prices.

 Minor problems with limited real impact on stakeholders.

#### **Examples**

Barriers that affect only a limited number of citizens and/or business, that have a limited effect on cross-border activities or are theoretical in nature. Barriers that have no economic or administrative benefits for businesses when these barriers are removed.

# Annex 3: Selection of SMET areas for intervention and launching of projects

Selection of areas for potential SMET intervention (areas are still broadly defined and further work is necessary to check the possibility for SMET intervention)

- 1. Identification of the areas where major barriers to the Single Market are present
- suggestion from SMET members/sherpas
- suggestions from stakeholders (meetings, bilateral and multilateral exchanges, e-communication)
- · extraction from various publications by stakeholders, EU and national authorities
- 2. Discussion of the areas at SMET/sherpa meetings
- 3. Agreement on the areas for further exploration and approval by SMET members
- 4. Publication of the areas in the SMET report



# Launching a SMET project

- 1. The Commission SMET team together with the proposing Member State/s investigate the selected areas (work on all selected areas is simultaneous). The Commission SMET team ensures that other Member States are informed and can join the process at this stage:
- Finding information and data on the problem
- · Exchanges with Member States
- Exchanges with the responsible department/s at Commission level
- Exchanges with stakeholders
- · Identification of possible SMET interaction:
- Barriers which can be addressed by SMET (preliminary check list)
- Possible actions to address the barriers through SMET (good practices, solutions)
- Preparation of the SMET project fiche
- Circulation of the ready fiches to SMET/sherpa members
- Discussion and approval of the proposed projects at SMET/sherpa meetings
- 2. Project proposals are suggested based on their readiness. No other prioritisation is used:
- Some projects require more work or time for various reasons (insufficient information, ongoing legislative proposals at EU level, etc.)
- Impact assessment is not feasible with the available resources (human, time, data)
- The simplified approach allows flexibility and faster intervention by SMET
- 3. SMET/sherpa members may suggest changes to the selected barriers or actions for the project
- 4. Agreement on the final project and launching

