Contribution to the European Commission's Call for Evidence - Single Market Strategy 2025

The single market is crucial to Europe's competitiveness, yet there are concerning signs that it is not achieving its full potential. The most recent Annual Single Market and Competitiveness Report highlights a decline in market integration for both goods and services. Persistent barriers to free movement, poor transposition, implementation, and enforcement of rules, as well as ineffective governance, are hindering business growth and limiting opportunities.

Eurochambres calls for an ambitious Single Market Strategy, covering also the digital sphere, that enables businesses of all sizes to thrive, reduces trade barriers, and alleviates excessive administrative and regulatory burdens.

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1. Barriers to the free movement of goods and services in the single market and possible solutions

The free movement of goods and services in Europe continues to be hindered by divergences in the application of EU law and different legal interpretations. **The EU needs common rules across key areas to ensure a level-playing field for all companies**. Better harmonisation of national regulations and the alignment of technical standards can also help to create a baseline for reducing divergences to cross-border trade from the onset. However, it is crucial to acknowledge that harmonisation is a means to an end, not an end in itself, and that EU regulations must be justified by demonstrating a clear economic benefit for businesses.

To enhance market access, particularly where full harmonisation is not practical or suitable, there is a need for greater cross-border acceptance and flexibility. The **principle of mutual recognition**, fundamental for allowing goods legally marketed in one member state to access other markets, is often applied inconsistently. It should be reaffirmed as a key factor to achieve the full completion of the single market.

Increased awareness among national authorities and economic operators, alongside tools like the **Technical Regulatory Information System (TRIS**), could help reduce technical barriers to trade. However, TRIS is not fully functional, failing to effectively support the exchange of information and the removal of these barriers. Further details on these shortcomings can be found in chapter 2.

Eurochambres strongly supports efforts to simplify and harmonise administrative processes at EU level, including through greater digitalisation and interoperability of national systems. In this context, the **Single Digital Gateway (SDG)** and the **Internal Market Information System (IMI)** play an important role in reducing burdens for businesses and could be expanded to support the digital and central processing of additional cross-border administrative procedures.

Chambers of commerce and industry collaborate closely with national authorities and support businesses navigating cross-border procedures, provides valuable insights for improving the single market. These experiences – especially in the context of the Single Digital Gateway as the managing body of the Point of Single Contact (PSC) – allow chambers to highlight some **priorities for action** to improve the free movement of goods and services:

- **Increase promotion and awareness of single market tools** (TRIS, SOLVIT, Your Europe Portal, among others) as these remain relatively unknown among business operators. To maximise the impact of these tools, it is essential to provide adequate direct and indirect financial support services, such as those delivered by chambers of commerce through the Enterprise Europe Network (EEN).
- **Regarding SOLVIT**, Eurochambres suggests exploring **more collaboration and cooperation** with intermediary bodies, starting with national **chambers of commerce and industry and** existing business information and assistance networks, in particular **EEN.**
    - Furthermore, economic operators should also have the right to request Commission involvement in SOLVIT cases. The SOLVIT Home Centre may refuse the request but must justify its decision. If Commission involvement is requested, it should respond within 30 working days.
- **Ensure barrier-free access to information** without prior registration and provide explanations for legal/administrative procedures that may not be clear, in particular for foreign users.
- **Take into account user feedback on administrative procedures**, in line with the SDG Regulation.
- Provide **easy access to support services**, which should be able to communicate in English as well as in the national language.
- **Prioritise access to cross-border procedures via eIDAS**. Citizens and businesses should always be able to use national electronic identification systems to access cross-border online public services.
- **Offer information** on which economic activities are regulated with a clear description of the **regulated activities**. These can be linked to the Commission's database on regulated professions.
- Administrative requirements for **posting of workers should be reduced and standardised** as national authorities often request different sets of information.

Despite attempts to simplify and modernise **EU public procurement**, the level of participation of cross-border procurement operations remains low. According to a Commission study from 2021, direct procurement conducted by operators located in a foreign country only represented 2.4% in terms of number and 4.1% in terms of value.

The report also shows how smaller countries e.g. Malta, Cyprus or Ireland awarded large public procurement shares directly to foreign entities in contrast with larger countries. This may stem from the country's location or limited economies of scale for large projects. But other factors could restrict cross-border service providers from bidding on public tenders outside their jurisdiction, such as rules requiring local inputs or foreign businesses to establish subsidiaries. For example, the study finds that foreign entities with a local presence account for around 20% of public procurement.

- Eurochambres invites the Commission to work with member states to identify mechanisms that facilitate and encourage **cross-border procurement** in a manner that doesn't impose additional bureaucratic burdens during the tendering process.

A further obstacle is the bureaucratic difficulties for cross-border service providers, especially with regard to **authorisations, permitting and licensing requirements**.

- To improve the success of future cross-border projects (like those under the Important Projects of Common European Interest, or IPCEIs), the EU should learn from past experiences, **further streamlining the approval processes of innovative projects and boosting investment in critical technologies**. However, market interventions such as IPCEIs should only be used in a few, well-founded exceptional cases and in close consultation with industry.
- The upcoming Single Market Strategy should clearly drive competitiveness in key areas, such as developing cross-border energy infrastructure, and **reinforce the appropriate funding programmes** to leverage such projects.

The free movement of goods is also further strained with unnecessary bureaucracy in the area of e-commerce, for example in connection with **certification, packaging, labeling and packaging waste**. The impact of new national registration regulations and the obligation to appoint authorised representatives should be minimised for companies.

The EU should avoid introducing restrictive regulations or norms that limit trade in goods and services. For instance, the **cumbersome A1 certificate required for posting workers**, or **legislation that prevents rather than promotes innovation**, such as in medical technology and the Green Claims Directive, are examples of how burdensome rules can hinder cross border trade.

Regarding the Proposal for a Regulation establishing a single digital declaration portal for posted workers, while the establishment of a public and multilingual interface (via the IMI system) is certainly a good objective, it is still regrettable that the use of the interface remains optional for Member States.

- The co-legislators should **pursue the mandatory use of the public and multilingual interface** for all member states to ensure consistent and efficient access to information for posted workers and their employers.

2. Regulatory and administrative challenges in the Single Market and potential actions to address them

The Commission's shift towards a more adaptive approach, balancing infringement procedures with tools like the **Single Market Enforcement Task Force (SMET)**, has yielded positive results in specific areas. However, businesses trading cross borders still face barriers resulting in compliance costs and operational uncertainties. **Possible actions regarding SMET:**

- Expand its scope and ensuring it has the necessary resources to enhance its impact and contribute to more efficient problem-solving in the EU. More transparency and stronger participation of stakeholders, including businesses representatives, in decision-making should also be envisaged,
- Strengthen its advisory role**,** both as a forum for discussingregulatory disputes and as a catalyst to speed up the management of infringement procedures,
- While technical collaboration with member states is essential to tackle challenges, the option to **pursue infringement procedures** must still continue in parallel and be actively used when progress stalls.

As regards **market surveillance and harmonisation**, the inconsistent implementation of rules affects the playing field. It is essential to improve cooperation between national authorities, making greater use of tools such as IMI to facilitate the exchange of information and promote uniform enforcement. In parallel, positioning **SOLVIT** as a leading out-of-court dispute resolution mechanism could offer businesses a faster and more accessible alternative.

Regarding TRIS, reviewing the notification and consultation processes could help better address emerging technical barriers. Some of our members informed us of deficiencies regarding regulatory impact assessments of draft national legislation sent during the intergovernmental procedure. They frequently include data of unknown origin and questionable quality, making it difficult to verify their accuracy and ensure they meet legal requirements. We also see some governments completely circumventing the notification process by drastically changing the proposed legislation via:

- Complex text changes in the parliament,
- Avoiding scrutiny by using coalition MPs to formally propose a law as their own initiative even if it was prepared by a ministry,
- Speeding up the process by avoiding the consultation process altogether.

This situation contributes to the creation of new barriers without an appropriate review. Eurochambres would welcome more stringent verification by the Commission and very clear communication of the consequences of non-notification by member states.

Additional actions:

- Encouraging member states to provide information about TRIS on PSCs websites,
- Using push notifications of new submissions in areas of interest for companies
- Providing those who contributed comments to the TRIS procedure with the results once the three-month period is complete, to inform them of the current status,
- Making non-notification an automatic infringement procedure.

The **heavy bureaucratic burden** falling on companies in the single market is also a major concern for the chamber network. The ever-increasing scope of notification, reporting, statistics, verification information, documentation and obligations restrict the free movement of goods. **The Commission should**:

- Deploy its best efforts to have the once-and-only principle effectively applied at the EU and the national levels,
- Minimise the reporting burden on SMEs, which have limited export opportunities, to prevent compliance costs from outweighing potential export profits,
- Prioritise regulatory measures that enhance the competitiveness of Europe's industrial base, while carefully considering possible environmental implications,
- Introduce a system which will help the Commission to have an overview in real time of obligations and rules as well as their interaction. Instead of introducing new different better regulation tools and procedures it could have one system,
    - Such an electronic system already exists and was developed by the Czech Chamber of Commerce, one of our members,
- Accompany implementation of rules with digital tools in line with digital by default principle.

Specific recommendations in the area of sustainability reporting:

- Streamline and harmonise the **Taxonomy** regime by simplifying reporting requirements, while ensuring consistency with other regulations, and recognising the challenges that SMEs face in the value chains of larger companies.
- Regarding the **Corporate Sustainability Reporting Directive (CSRD)**:
  - Companies should be given the option to decouple financial and ESG reporting. Splitting these reports would distribute the workload more evenly throughout the year, improving efficiency without compromising reporting quality.
  - To avoid a scenario where reporting, consulting and auditing become the primary focus, the CSRD must ensure that the primary objective remains driving genuine ESG impact. The EU should explore ways to reduce the reporting burden and associated costs that often benefit external service providers rather than directly contributing to impactful ESG outcomes.
    - For instance, funds spent on consulting/auditing firms could instead be redirected toward initiatives with measurable environmental and social impacts, fostering competitiveness with non-EU companies facing fewer regulatory costs,
    - The impact on value chains and therefore on SMEs should be recognised and scaled down by a different value chain cap (see Basic-Module of a Voluntary SME Standard).
- **Regarding the Corporate Sustainability Due Diligence Directive (CS3D)**:
  - Postpone the CS3D's application to conduct a comprehensive assessment of its impact on EU competitiveness. Based on its results, renegotiate the Directive to address identified risks and challenges effectively, or envisage an immediate simplification of CS3D within the framework of the omnibus,
  - Limit due diligence obligations to companies' own operations and those of their direct business partners in the chain of activities
  - Focus on clearly defined, measurable core rights/prohibitions
  - Foresee a "white list" of countries with a high level of protection
  - Limit stakeholder engagement to defined, manageable groups directly linked to the company's operations,
  - Replace one-size-fits-all questionnaires with sector-specific tools that respect the limited capacity of SMEs,
  - Provide clear and detailed guidance.

Specific recommendations in the area of access to appropriate EU funding programmes:

- SMEs need easy and rapid access to appropriate EU funding to ensure their development and growth. To simplify and improve SMEs' access to EU funding, financial intermediaries must play a stronger facilitation role, as access to EU funding, with its financing procedures, remains complex.
- Stringent eligibility criteria very often hinder the financial support to innovative projects vital to Europe's competitiveness, misaligning with the initial EU funding's focus on innovation and R&D. To bridge this gap, European measures should mitigate local banks' risk aversion, making EU programmes more appealing and better integrated with the financial sector.

3. Horizontal governance of the Single Market and enforcement of its rules

The single market can only thrive and ensure EU competitiveness if it is “in accordance with the principle of an open market economy with free competition” (**Article 120 TFEU**). Thus, the single market should not be subject to sudden changes in political objectives as this could undermine potential economic gains. The Commission must ensure that this principle is preserved and clearly embodied in every policy development.

To foster a truly level playing field in the single market, horizontal governance requires coordinated and transparent collaboration between European and national authorities. This approach also calls for consistent and equitable implementation of EU law across the board. However national judicial systems may not fully safeguard the rights of companies due to delayed procedures and, in some cases, considerable deficits in the rule of law.

The current legal fragmentation and the lack of consistency in the application of the rules often undermine the effectiveness of the single market. **Improving the management and efficiency of infringement procedures requires:**

- **Speeding up both the initiation and resolution** of cases, with a stronger focus on infringements that have a systemic impact on the single market, in addition to making more use of **EU pilot proceedings**,
- **More rigorous and transparent monitoring mechanisms**, possibly complemented by the digitalisation of infringement reporting procedures and the publication of aggregated data on member states' performance.
- Existing enforcement tools, such as **infringements procedures**, are too lengthy.

There is also a need to provide for faster and more flexible enforcement mechanisms. As mentioned before, national authorities continue to issue national regulations on services without the possibility of prior review. This contributes significantly to the creation of new barriers. Since the recent attempt to reform the service notification procedure failed due to the resistance from some member states, a new approach is required.

- **An ex-ante review procedure could increase transparency in the national implementation of the Services Directive and thus make it more difficult to introduce protectionist measures and so-called "gold-plating".**

The European Court of Justice has declared intra-European investor-state arbitration (ISDS) to be contrary to EU law ("Achmea ruling"). With the complete abolition of all bilateral investment treaties between member states (intra-EU BITs), the protective effects of these agreements under international law no longer apply. At the same time, there are still deficits in some European countries with regard to the rule of law and legal and investment security.

- **A legally binding protection system should be easily and freely accessible to all investors from member states - including SMEs - and ensure that investor problems are dealt with quickly and legally.**
- **The establishment of a separate investment chamber at the EU Court of Justice is conceivable**.

4. Deepening of the Digital Single Market

Fragmented national rules and inconsistent interpretations hinder the scalability of businesses on digital platforms. Without harmonisation, businesses face complexity and costs that limit growth and cross-border operations. SMEs in particular face barriers such as limited awareness, insufficient resources, and lack of time to engage in ICT standardisation, excluding them from critical decision-making.

- Greater alignment of regulatory obligations and technical standards, particularly in the areas of cloud computing, data protection, cybersecurity, and intellectual property, is urgently needed to create a seamless and competitive EU operating environment,
- Removing barriers for SMEs to participate in standardisation processes is essential to ensure inclusiveness and relevance of ICT standards.

Eurochambres is concerned that ambiguous legal provisions within the DSA create legal uncertainty for businesses that operate online platforms. Notably, the DSA refers to "illegal" content, the definition of which varies across member states. These uncertainties place a burden on companies, especially since legal errors can result in significant sanctions. The Commission must be adequately resourced to oversee platforms, investigate complaints, and foster a fair competitive environment.

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