

Mr Jyrki Katainen
Vice-President of the European Commission

20 July 2018

Ms Elżbieta Bieńkowska
Commissioner: Internal market, Industry, Entrepreneurship and SMEs

Dear Mr Vice-President and Ms Commissioner,

Follow up to the European Council Conclusions in March 2018

A well-functioning and future-proof Single Market is vital for the growth and global competitiveness of the European Union. A lot has already been done, but there is still untapped potential, which should be identified and better exploited to increase cross-border trade within the EU, make Europe more attractive for businesses and investments, and deliver well-being for EU citizens.

To this end, ***in March 2018 the European Council invited the Commission to prepare an assessment of remaining barriers to and opportunities for a fully functioning Single Market, as well as a state of play regarding the implementation, application and enforcement of existing legislation. The Commission is requested to present the outcome of the work to the Council before the Leaders' Agenda discussion in December 2018.*** We would like to emphasize the importance of this analysis, as an essential starting point for further development of the Single Market.

In order to achieve a well-functioning and future-proof Single Market, we invite the Commission to prepare an ambitious analysis, which detects:

- *Opportunities* for enhancing the cross-border trade including stronger empowerment of businesses through more business-friendly legislation and better information and support. Digitalisation should be seen as one of the key enablers for the future-proof Single Market.
- *Remaining barriers* from a user perspective looking across sectors outlining the facts and needs for entrepreneurs and citizens and potential ways for accommodating these.
- *Inefficient enforcement and/or application* of Single Market rules, legal, administrative and non-legal restrictions (e.g. inadequate information)

The aim should be to illustrate where the untapped potential of the Single Market lies. Based on the analysis, it could be assessed what kind of measures – whether general or sector-specific – are most appropriate to tackle the outstanding issues. Especially, we need to identify opportunities and barriers as experienced by entrepreneurs, including within which sectors such barriers are most profound. This requires a more systematic, focused and thorough economic analysis as well as research to develop an understanding of entrepreneurs' experiences through

process mappings and comparative analysis of the mappings. The work would form a welcomed addition to, for example, the present Single Market Scoreboard. We are willing to work together with you in this process and provide you with further suggestions.

As the guardian of the Treaty, the Commission is certainly best suited to prepare the above analysis. However, Member States also need to commit themselves to working towards a better-functioning Single Market. This requires European cooperation with strong involvement and ownership of all levels of government in each Member State, the European Commission and the European Parliament.

As an indication of such involvement, cooperation and commitment, Ireland, together with Czech Republic, Finland and Denmark, has planned and tendered a study to identify and tackle remaining barriers as well as untapped potential in the field of services. The study is being prepared by Copenhagen Economics. The work is still ongoing and the results should be available in October 2018. The outcome of the study will be presented and made available for the Commission to use.

We are pleased to hear that the Commission has recently published a new call for tender for the following study: *Mapping and assessment of removal of legal and administrative barriers in the service sector*. We expect this study to be a significant contribution to our common efforts, and a welcome first step in identifying legal and administrative barriers. Additional work will be required into non-legal barriers, such as lack of information, or inefficient enforcement of Single Market rules, in order to complete the picture of barriers and opportunities.

To conclude, we are ready and willing to work hard for a future-proof Single Market, that is fit for the digital age and sustainable growth, in order to make the European economy stronger and more competitive. We invite the Commission to present its work to the High-Level Group on Competitiveness and Growth and the Competitiveness Council in advance of the European Council, to provide for fruitful discussions on how to improve the functioning of the Single Market.

Yours sincerely,

Mr Kris Peeters

**Deputy Prime Minister and Minister for Employment, Economy and Consumers, in charge of Foreign Trade
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