

**“A stronger single market  
as the basis of the open  
strategic autonomy of the  
European Union”**

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**CEOE**  
Empresas Españolas

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## **EXECUTIVE SUMMARY**

The single market is the basis for the **competitiveness** of European companies and strengthening it is crucial to reinforce the **strategic autonomy of the EU**. Ahead of the next institutional cycle, it is essential that both European and national institutions prioritise the **removal of existing and persistent barriers** within the single market and prevent new ones from appearing. Work must also be done to eliminate deterrents that, without constituting barriers to the exercise of the community freedoms, they discourage businesses from making full use of the single market.

To contribute to the discussion and, in particular, to the **high-level report on the future of the single market** entrusted to **Enrico Letta**, CEOE offers a series of **reflections and proposals** to make the single market stronger and to allow companies and citizens to take advantage of its full potential:

### **I. The regulatory framework of the single market**

- Greater **uniformity in the application of EU regulation** must be ensured. Also, work must continue to eliminate unnecessary **regulatory and administrative burden** at all levels.
- The European Commission and the co-legislators should thoroughly apply the **Better Regulation principles** throughout the legislative process. Priority should be given to avoiding a proliferation of regulations and the one-in-one-out principle, as well as conducting better impact assessments and ensuring the correct application of the competitiveness check and the SME Test.
- Correct and uniform **enforcement** of single market regulation must be ensured to improve the governance and supervision mechanisms of the single market. This means that the European Commission must take a more active role to ensure compliance with these regulations.

### **II. Removing remaining barriers to the single market: the four freedoms**

- The EU needs and ambitious and precise plan to remove barriers to the free movement of **goods** and cross-border provision of **services**. In addition, to strengthen these freedoms, digital technologies must be fully used (such as digital labelling or simplified VAT procedures);
- In the current context of labour and skills shortages, it should be a priority to guarantee the free movement of **workers** between Members States and simplify the associated administrative procedures (by making decisive progress on the e-Declaration, the recognition of qualifications and the coordination of social security systems);
- To accompany the necessary investments in the twin transition, training and infrastructures, it is urgent to move forward towards a true **Banking Union**, implementing its third pillar, and to strengthen and implement the **Capital Markets Union**, ensuring the rationalisation of regulations. In addition, barriers to the integration of financial markets should be removed.

### **III. Other areas**

- Regarding **competition and state aid** policies, it is essential to adapt them to the new geopolitical situation, ensuring a level playing field and ensuring that temporary measures adopted to tackle crises and support the twin transition are limited to the short term and properly monitored.
- In the area of **public procurement**, and in order to harness its full potential in the EU, the numerous infringement proceedings in this field must be analysed, both from the perspective of the transposition of the 2014 package and with regard to Better Regulation principles.
- Regarding the **digital** single market, the business community must be given the time it needs to internalise the extensive regulations implemented in this legislature, and additional measures are needed to close the digital divide in the EU.
- Strengthening European **R&D&I** value chains and promoting transnational projects in this field is essential to improve the EU's competitiveness.
- It is necessary to ensure a network of **transport, energy and telecommunications infrastructures** that supports the strengthening of the single market: in transport, the TEN-T core network must be completed as soon as possible; in the energy field, the electricity market reform must guarantee security of supply and access to energy at competitive prices; it is also necessary to build a sustainable structure for the telecommunications market and to encourage investment and innovation.
- Within the area of **taxation**, administrative procedures must be simplified and standardised. To this end, the elimination of tax barriers should be deepened, VAT procedures should be simplified and the effects that environmental taxes, especially those linked to mobility, may have on access to markets should be considered.
- The European **standardisation** model should be protected as an example of success of public-private cooperation, ensuring that European standards are still market-relevant.

#### **IV. The geopolitical role of the single market and enlargement**

- A stronger single market is essential for the EU to continue to assert itself as the **leading trading power** and to maintain a strong negotiating position in international trade agreements. Making the single market stronger should be a priority before proceeding to the EU's potential **future enlargement**. In any case, this will require governance mechanisms that preserve and continue with the integration of the single market.

In view of the above, for the next European institutional cycle, from CEOE we believe it is essential to adopt an **ambitious single market strategy** with the appropriate institutional framework at national and European level. Among others, this must include strengthening the European Commission's DG GROW and a strong role for the Internal Market and Consumer Protection (IMCO) Committee in the European Parliament. This strategy should put the Single Market back at the forefront of European integration, the green transition and the EU innovation agenda, adopting a holistic approach and focusing on removing barriers and deterrent measures, so that citizens and business can take advantage of its full potential.

## 1. Introduction

With more than 450 million consumers and 23 million businesses, the single market is one of the **EU's greatest achievements** and a key part of its **economic strength and resilience**. However, three decades after it was created, numerous barriers still remain in the single market. During the current political cycle, not enough progress has been made to remove these barriers and it is possible to say that single market integration has stalled in recent years.<sup>1</sup>

Coinciding with the single market's **30th anniversary in 2023** and the drive for discussions on how to make the European Union more competitive, several projects concerning the future of the single market are currently underway. Accordingly, last March the European Commission presented two communications on the long-term competitiveness of the EU<sup>2</sup> and the 30th anniversary of the single market.<sup>3</sup> The first of these papers focuses on how to achieve a long-term framework that allows the EU to compete at global level. The second reviews the progress made over the last three decades and identifies the barriers that must be removed to improve single market integration.

This year, both the Swedish and Spanish presidencies of the Council have prioritised the commitment to make the single market stronger so as to reinforce European unity. This commitment will continue into the Belgian semester, where strengthening the single market will remain a priority. Proof of this is the assignment entrusted by the Council to **Enrico Letta**, President of the think-tank Jacques Delors Institute, to prepare a **high-level report on the future of the single market** to be presented at the European Council in March 2024.

The strategies agreed by European Union Member States must serve as a guide for the new institutional and legislative cycle that will start in 2024, following the agreement of the heads of State and Government reflected in the **Granada Declaration** of 6 October 2023: " We will continue our efforts to build a more cohesive, innovation-driven, and interconnected Single Market, preserving its integrity, its four freedoms, its social dimension and its openness, ensuring a level playing field, and reducing administrative burden notably for SMEs".<sup>4</sup>

To contribute to the discussion on the future of the single market and the works in progress, the **CEOE** offers the following **reflections and proposals** on how to make it stronger.

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<sup>1</sup>In this sense, the Spanish economy's trade integration in the single market for goods and services must be improved, given that it is below the EU average, as indicated by the European Commission in the 2023 Country Report for Spain, which is part of the European Semester 2023 spring package, available [here](#).

<sup>2</sup> European Commission. Communication "Long-term competitiveness of the EU: looking beyond 2030", 2023. Available [here](#).

<sup>3</sup> European Commission. Communication "The single market at 30", 2023. Available [here](#).

<sup>4</sup> The full text of the Granada Declaration is available [here](#).

## **2. A stronger single market as the basis of the open strategic autonomy of the European Union**

60% of the obstacles faced by European companies are of the same type as those reported twenty years ago.<sup>5</sup> It is therefore essential that, during the next institutional cycle, both European and national institutions prioritise the removal of existing and persistent barriers within the single market and prevent new ones from appearing.

Work must also be done to eliminate deterrents that, without constituting restrictions or barriers to the free movement of goods or people, the provision of services and, in general, the exercise of community freedoms, prevent or discourage businesses and people from making full use of the single market. This will undoubtedly promote business growth and improve the EU's ability to attract investment. This is particularly important in the field of services.

### **2.1. The regulatory framework of the single market**

From a regulatory stance, harnessing the full potential of the single market requires:

- Ensuring greater uniformity of European regulation, favouring, where possible, the use of regulations over directives, as well as consistency in the transposition and implementation of regulation by Member States: regulatory consistency is a basic principle to ensure the free movement of goods<sup>6</sup> and guarantee the proper provision of services and appropriate levels of consumer protection<sup>7</sup>.
- Continuing with the work to remove unnecessary regulatory and administrative burdens at all levels and avoiding the duplication of regulation (always taking into account that, if duplication does occur, it must be for compelling reasons of general interest and be based on the principle of proportionality). Institutions must make it a priority to simplify access to markets and must always provide an effective level playing field where the same rules apply for all economic operators regardless of whether they perform their activity via physical or online facilities. The push from the European Commission in recent months to establish a new approach to the design of European policies must also permeate Member States and the European Parliament.

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<sup>5</sup> European Commission. Communication "The single market at 30", 2023. Available [here](#).

<sup>6</sup> Therefore, additional requirements at Member State level over and above those established at EU level in areas such as labeling, reuse of packaging and extended producer responsibility must be avoided.

<sup>7</sup> For example, there is concern about the transposition of the new Directive 2023/2225 of 18 October 2023 on credit agreements for consumers, which leaves Member States a great deal of freedom to develop important provisions in this area, and which, when applied in practice may generate significant differences between Member States and, therefore, fail to contribute to the established objective of standardising the regulatory framework that applies to consumer credit in the EU.

- In the same vein, streamlining the processes for granting authorisations and licences (*permitting*) is key to stimulating investment in the EU, particularly as regards the authorisations needed to support the twin transition. The culture of authorisations, licences and permits must be left behind, in favour of other intervention strategies that are equally efficient and less time-consuming, such as statements of compliance or prior communication. Furthermore, the use of digital technologies must be encouraged to remove regulatory and administrative barriers. This can be achieved by setting up points of single contact to facilitate and minimise the procedures needed to conduct business in the single market. To ensure these targets are met, it is vital that there be effective communication between companies, citizens and institutions by bringing decision-making bodies closer to those they govern.
- The tools that currently exist to make the single market function properly must be developed and strengthened, to speed up the procedures for resolving reported technical barriers. To achieve this, use of the Technical Regulation Information System (TRIS) must be encouraged. The aim of this system is to prevent the creation of technical trade barriers between Member States. There must also be support for the use of the SOLVIT platform, where people and companies can report obstacles caused by public administrations when applying European regulation. Where the free provision of services is concerned, the use of the Points of Single Contact provided for in the Services Directive must be encouraged<sup>8</sup> (the recent DG GROW initiatives are a step in the right direction in this regard).
- At the same time, ESG regulations must not become a source of single market fragmentation. The many initiatives that exist at different levels of administration, coupled with the legislative initiatives issued by the EU in the form of directives, might pose a significant risk to the integrity of the single market. The highest level of uniformity must be sought by minimising discretion at national level and synchronizing the entry into force of new regulations as much as possible.

It is also important to point out that Spain, specifically, still has some work to do to consolidate its own internal market. Market fragmentation within Spain continues to hinder productivity, as the European Commission has been repeatedly highlighting in its reports on the European Semester.<sup>9</sup> The specific way power is decentralised in Spain

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<sup>8</sup>The English acronym is "PSCs". More information is available [here](#).

<sup>9</sup> European Commission. Working document on the Country Report for Spain – 2023 from the European Semester spring package, 2023. Available [here](#).

can also lead to directives being misinterpreted or transposed differently<sup>10</sup> and to the introduction of barriers to the free movement of goods within the country itself.<sup>11</sup>

### 2.1.1 Better Regulation principles

The European Commission and co-legislators must respect the Better Regulation principles throughout the legislative process to address current excessive regulatory and bureaucratic burdens and implementation problems. For their part, Member States must continue this work in their respective areas, and in accordance with their different levels of decentralisation.

European companies need a regulatory environment that respects the principles of proportionality and Better Regulation and that sets necessary and attainable objectives that allow companies the maximum possible flexibility on how to achieve them (and that also sets schedules that are technically and economically feasible and that take into consideration the state of the art of existing technology). To do this, we consider it essential to prioritise the use and verify the correct application of the following principles:

- Avoiding a proliferation of regulations, which generates inconsistencies when it comes to their application, must be a priority during the next legislature. In this spirit, when the EU works on legislative developments for specific issues that will affect how companies conduct their business in the single market, Member States must avoid developing legislation on their part to avoid overlaps and contradictions. Regulations on corporate sustainability due diligence are an example of this issue.
- Legal certainty and stability must be maintained when creating new legislation. The process used to draft such legislation must address the way it will be implemented/enforced and the human and material resources that will be available, with special emphasis on setting realistic transitional deadlines.
- Exhaustive use must be made of impact assessments, which must reflect the situation to be addressed objectively and in detail. These assessments must

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<sup>10</sup> In this regard, and continuing with the example of the transposition of the aforementioned Directive 2023/2225 of 18 October 2023 on credit agreements for consumers, it is concerning that certain Autonomous Communities in Spain, in their respective consumer protection regulations, require asset transfers to securitisation funds to be reported, even if it has been agreed that the transferor will continue to manage the credit facility with respect to the debtor. Consequently, limitations and obstacles are being imposed on financial institutions at regional level that prevent the European single market from functioning properly, which significantly restricts the use of this financing tool that is much needed by financial sector institutions.

<sup>11</sup> Within Spain, Spanish companies face numerous trade restrictions caused by regulatory differences and additional burdens at both national and regional level. For example, there are differences in access to authorities (i.e. differences in authorisations for large commercial establishments with substantial bureaucratic burdens, differences in special taxes on food products and packaging and different labeling requirements for different Autonomous Communities).



not be subject to predetermined ideas or defined political objectives. Impact assessments are needed to prevent the adoption of ill-conceived new regulations and to ensure that the policy objective is achieved by recognising unintended consequences and/or potential disadvantages.

- The competitiveness check must be exhaustively applied to all legislative proposals and take into account the cumulative impact of European legislation and policies on competitiveness.
- Ensure the correct application of the one-in-one-out principle, which is designed to offset both administrative and compliance costs.
- Apply the SME Test systematically and coherently, making a clear distinction in impact tests between the effect that policies may have on large companies and on SMEs. The Think Small First principle must be applied in practice to help SMEs progress and not just used as a statement of intent, both in European regulations and, above all, in national regulations.
- To strengthen the Better Regulation agenda, the European Commission, European Parliament and the Council must commit to updating and reinforcing the commitments made in the 2016 Interinstitutional Agreement on Better Law-making.
- Ensure the participation of stakeholders and increase the transparency of the decision-making process, both in interinstitutional negotiations and in the process of preparing and approving delegated acts, which are used more frequently than desired.
- Encourage the use of *one stop-shops* and digital means in proceedings that require administrative procedures.

### 2.1.2 Enforcement

It is essential to ensure that Member States apply the single market regulation correctly and uniformly, improving the governance and supervision mechanisms of the single market at both European and national level.

This means that the European Commission must take a more active role to ensure compliance with these regulations and open infringement procedures when necessary. These procedures must be streamlined, and for this the Commission must have sufficient resources to perform them. It is surprising that in the last two years the number of new infringement procedures has decreased substantially, from 903 in 2020 to 551 in 2022<sup>12</sup>: the European Commission must be able to do whatever is necessary to ensure that European rules are applied equally throughout the territory, prioritising infringement procedures related to the single market when particularly harmful practices are involved.

It is also necessary to:

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<sup>12</sup> European Commission. 2022 annual report on monitoring the application of EU law, 2023. Available [here](#).

- Strengthen the Single Market Enforcement Taskforce (SMET) to ensure proper implementation of single market rules by removing unnecessary persistent barriers through specific actions and closer collaboration between the European Commission and Member States.
- Establish good practice guides and guidelines for different sectors that encourage 'internal market friendly' regulations and practices.
- Prevent Member States from going too far when transposing European legislation (gold-plating), which can prevent from achieving the objectives they pursue. The timely transposition of directives and prompt compliance with CJEU rulings must remain a priority.
- Particular care must be taken with exceptional or temporary measures, the implementation of which must be duly monitored and be limited in time to avoid long-term damage to regulatory harmonisation and the level playing field within the single market.<sup>13</sup>
- Improve the reporting of legislative proposals that affect the single market as defined by article 15.7 of the Services Directive<sup>14</sup> by making the procedure easier for local and regional authorities. With this in mind, a resumption of discussions on the Reporting Directive should be considered.
- The introduction of a Single Market Ombudsman in each EU Member State, as an independent national body with access to effective remedies, must be considered. Member State Single Market Ombudsmen must form a network under the auspices of the European Commission.
- The European Semester could also include recommendations on how to harmonise the application of Community regulations and close compliance gaps.

## **2.2 Removing remaining barriers to the single market: the four freedoms**

### **2.2.1 Free movement of goods and services**

The EU needs an ambitious and precise plan to remove barriers to the free movement of goods and cross-border provision of services. In this last area, it is important to take into account the distinctive characteristics of each sector that, for reasons of public interest or that are inherent to the nature of the service, reasonably justify a restriction to the free provision of services principles (in this regard, exceptions in sectors that are already subject to specific treatment under Directive 2006/123/EC of 12 December 2006 on services or other relevant legislative provisions, are important).

To achieve this:

- Customs processes and controls must be more efficient and harmonised to reduce import costs and processing time, facilitating international cross-

<sup>13</sup> The relaxation of state aid control regulations has already been mentioned in this regard. Furthermore, differences between Member States should be noted in the implementation of Regulation 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices.

<sup>14</sup> Directive 2006/123/EC of 12 December 2006 on services.

border trade and minimising delays in the delivery of goods and cutting unexpected costs. Increasing customs control capabilities and proactive control measures through the use of technology is equally important, as is improving relevant customs data in order to minimise security risks for customers, help combat customs duty and VAT fraud and protect and increase government revenue. Member States and the European Parliament, in close collaboration with businesses, must be encouraged to reach a consensus on an EU customs reform that involves the simplification of customs procedures through the use of new digital technologies that provide coordinated, intelligent and fast data management. Customs authorities must also be given the necessary resources and instruments to ensure effective supervision of imports in order to ensure a level playing field for businesses (including SMEs) in the single market. Finally, the customs reform must ensure that national authorities interpret customs regulations in a more uniform and coherent manner.

- Work must also be done to ensure that goods from third countries are subject to the same quality and intensity controls at all EU entry locations. In this regard, the extensive network of EU trade and customs union agreements must be applied correctly (the modernisation of the customs union with Turkey is a clear example of this need). Inspections must become more effective, particularly, for example, in the food and agriculture sector and as regards pest control and hazardous substances. There is a need to move towards the use of well-designed digital product passports based on input from stakeholders, including SMEs. This would minimise the risk that the administrative burdens and costs incurred by businesses could reduce a passport's potential to support movement and improve cohesion within the single market.
- As labelling is still a major challenge for the movement of goods within the EU, we suggest that the use of digital labelling be increased by adapting EU labelling requirements to the digital era. At the same time, physical labelling must only contain the minimum essential information.
- Member States' new extended producer responsibility (EPR) systems must not fragment the single market. For this reason, a centralised and up-to-date digital point of single contact should be created to facilitate one-time EPR registration and reporting in all Member States at product level. In this area, the product/material reporting obligations for each waste stream must be harmonised and control mechanisms must be set up to ensure there are no discrepancies between Member States and other levels of decentralisation to prevent these obligations from becoming a technical barrier to the free movement of goods in practice.
- Free movement of goods principles should be applied to waste flows in the circular economy action plan<sup>15</sup> to support cross-border cooperation initiatives

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<sup>15</sup> European Commission. Circular economy action plan, 2020. Available [here](#).

to harmonise national criteria on ending of the waste status and resulting by-products.

- In this respect, the definition of low-emission zones in European cities must be accompanied by transition measures that allow businesses of all sizes and financial capacities to adapt to the new requirements to be able to continue their operations and provide the “last mile” delivery services.
- It is also important to point out that Member States must ensure that community freedoms can be exercised in practice. This includes all areas of governance, such as administrative, judicial, ensuring transport security, etc.
- On the other hand, the individual characteristics of ultra-peripheral regions (UPR) must be taken into account by adapting regulations to their specific characteristics. Among other measures, it is necessary to:
  - Continue the compensation payments applied under article 349 of the Treaty on the Functioning of the European Union, which are intended to alleviate the extra costs incurred due to the ultra-peripheral status, as these costs limit and make the development of production activities more expensive. In this regard, compensation must be considered for the additional transport costs incurred by production activities located in UPRs such as the Canary Islands, which can only use sea and air routes as transport options. To ensure the EU remains competitive in the long term, the application of an exception on air and sea freight routes with the rest of the European Union countries and third countries must be considered in the *Fit for 55* package. The adoption of compensation mechanisms for transporting waste in these regions must also be considered to ensure the waste proximity principle is in alignment with the European Union’s environmental policy, which will facilitate recovery and inclusion in the circular economy.
    - Adjust the definition of SMEs in UPRs to attract investment to diversify economic activities.
  - Likewise, consideration should be given to the situation in the autonomous cities of Ceuta and Melilla, which for customs and health purposes are deemed to be third states. This prevents products of animal origin from both territories from being imported into the EU customs territory, which has a negative impact on the development of the small industries that process these products in both cities.

### 2.2.2 Free movement of people

Freedom of movement and residence for people is a cornerstone of European citizenship that is still subject to obstacles that must be removed. This is especially important in the current context of labour and skills shortages, which is why it is a priority to guarantee the free movement of workers between Member States and simplify the associated administrative procedures.

- To tackle the abovementioned shortages, talent must be attracted from outside the EU. To achieve this, the recognition of qualifications must be improved to encourage the free movement of workers from third countries.
- After years of failed attempts, the measures needed for the coordination of social security systems must now be adopted, and the electronic declaration mechanism to notify the movement of workers (e-Declaration) must be implemented to facilitate worker mobility and offer greater legal certainty for businesses.
- The transport sector plays a key role within the single market, as it allows the free movement of goods, services and people. In this context, special attention must be paid to ensuring the safety and integrity of carriers to guarantee said free movement.

### 2.2.3 Banking and Capital Markets Union

Since the financial crisis, regulatory authorities have focused on creating regulation that would make the financial sector more resilient. After fifteen years, the sector has become strong and robust enough to be able to effectively and appropriately respond to adverse shocks such as the COVID crisis. We consider that it is now time to introduce a new regulatory paradigm to make the sector more competitive with respect to other jurisdictions and sectors.

Adopting the single currency led to the creation of an Economic and Monetary Union; however, there has been no progress towards setting up a tax union. At the same time, in recent years Member States have been adopting banking taxes arbitrarily and unilaterally, which has created an unlevel playing field within the single market and, in turn, generated legal uncertainty. This has had a negative effect on the competitiveness of European banks and is reflected in worse prospects for the real economy making credits more expensive and resulting in a greater difficulty in accessing financing. Meanwhile, in recent years new ESG requirements have been introduced for financial institutions that require them to ensure that both their own emissions targets and those of their customers, suppliers, etc. are met, which means that they have had to adopt a “supervisor” role that is not natural to the banking business.

- Therefore, moving towards a true Banking Union to allow liquidity to flow freely between Member States must be a priority. To achieve this, the third pillar of the Banking Union, the common deposit insurance scheme, must be implemented to complete the union, and special focus must also be placed on crisis management instruments. More institutions must also be able to access the Single Resolution Fund to ensure a level playing field while respecting the contributions that the industry makes to this mechanism.
- The Capital Markets Union must be strengthened and implemented for European companies to have a true single market for financial services and

better access to financing (which is essential for the twin transition): Europe needs more capital markets financing than ever. Although most of the Capital Markets Union measures will have been adopted by the end of this legislative cycle, there are still several reforms to be implemented and/or completed. The objectives to be achieved in this area can be summarised as:

- Exhaustive rationalisation of regulations, focusing on strict standards rather than a large volume of standards.
- Retail investors must be at the centre of the EU narrative for capital markets, with industry and policymakers providing efficient solutions for long-term savings. A high level of investor protection is needed, but excessive regulation that unnecessarily reduces their investment options or imposes excessive costs on the provision of investment services to the retail sector must be avoided.
- Practical and harmonised solutions for operational problems with collecting tax withholdings and processing agreement refunds to avoid double taxation.
- Improve insolvency legislation harmonisation by focusing on financial sector counterparties and key market infrastructures.
- Review the securitisation framework (unlike in the US, the EU securitisation market never fully recovered from the global financial crisis and remains a fraction of the size it was at its 2008 peak. Issues currently hampering EU securitisation market growth are predominantly "demand" related, as the multiple regulatory changes introduced in the EU in recent years have led to a significant decline in the investor base for the product).
- There are currently a number of barriers to the integration of financial markets that are also leading to financial market fragmentation. Specifically:
  - Prudential regulation does not consider the European Union as a single jurisdiction, which restricts the centralised management of capital and credit institution liquidity.
  - Prudential regulation penalises cross-border mergers within the EU as, in some cases, capital requirements depend on size rather than risk profile.
  - Most European regulation is implemented through directives that grant national authorities a substantial amount of discretion, which leads to discrepancies in the European regulatory framework.
  - A significant percentage of European credit institutions are still under the supervision of national supervisory authorities. In some cases, this leads to differences in supervision criteria that could generate competition problems as regards maintaining a level playing field.
- The right conditions must be provided to develop easy, fast, reliable and low-cost cross-border payments, both for payments in Euros and other currencies,

ensuring that citizens of the European Union can access a wide range of providers, all of which operate in an open and competitive environment, including traditional financial institutions, banks, techno-financial providers and platform operators.

- On this path towards a Banking Union, basic banking services must be standardised and made available to citizens of Member States (e.g. by simplifying the requirements for opening accounts, allowing transfers between Member states, etc.).

## **2.3 Other areas**

### **2.3.1 Competition and state aid policy**

Competition and state aid policies and regulations must be adapted to the new geopolitical situation and must be consistent with the EU's green and digital transition objectives to support the competitiveness of European companies, without leaving any Member State or sector behind.

- Therefore, competition monitoring instruments (in both the antitrust and merger control fields) must support single market integration and encourage the strengthening of European supply chains.
- The use of state aid by Member States must be effectively monitored to provide a level playing field, especially given the progressive flexibility of its framework and the extension of crisis exceptions. State aid instruments must therefore be properly designed and monitored during their implementation to prevent single market fragmentation, and to ensure that national measures (including tax measures) do not distort competition within the single market or leave any sector or Member State behind. Accordingly, the specific measures adopted to tackle crises and support the twin transition, such as the Temporary Crisis and Transition Framework, must be limited to the short term and be properly monitored.
- The European Union must reflect on the way the different fiscal capacities of Member States (particularly as regards state aid) make inequalities between them chronic, which prevents progress in single market integration.
- Likewise, work must be done to make the European state aid control framework more reliable, transparent and agile by making sure that decisions about aid are announced in a timely manner (other than in press releases) and ensuring the availability of full and accurate data about the state aid granted by Member States. In this regard, the state aid scoreboard must also be reviewed (as its current two-year publication schedule is clearly insufficient) and the Union's statistical system (Eurostat) must be updated to provide more accurate and precise analysis of state aid and competition policies.
- When the above matters are reflected on, and in the context of a review of *de minimis* thresholds, a flexible approach must be taken that prevents the

accumulation of aid from limiting access to it and discouraging investment in the twin transition.

### 2.3.2 Public procurement

Existing European public procurement regulation must be fully and correctly implemented in all Member States to harness its potential in the EU.<sup>16</sup> To achieve this, the numerous infringement procedures against Member States in this area must be analysed, both from the perspective of the problems encountered in transposing the 2014 package and with regard to Better Regulation principles. In this context:

- The awarding of contracts based exclusively on the lowest price criterion causes “a race to the bottom”: other important criteria such as quality, innovation or sustainability must also be taken into account.
- All businesses in the EU must have equal access to public procurement. In this regard, the criteria under which groups of companies are required to prove technical solvency must be reviewed to allow bidders to include the capabilities of the companies within their group in their technical solvency information without the obligation to make them available for the contract at issue. Work must also continue to help SMEs participate in public procurement procedures, which would benefit both the companies themselves and the public sector. To do this, the administrative burdens and unnecessary requirements that hinder SMEs' access to these processes must be removed.
- The administration's use of its own resources must be restricted, as the process of assigning contracts in-house is an exceptional measure that should not be used as an alternative system to public procurement rules.
- Gold-plating must be avoided in public procurement, as it makes processing unnecessarily inflexible. Where necessary, work must be done with certain Member States to establish unified criteria for the correct performance of public contracts so as to ensure legal certainty.
- The issue of amending ongoing public contracts must be addressed, especially where this is to the detriment of the successful bidder. Among other issues, the problem of extending successive contracts without specific compensation must be resolved, as this results in the extended contract being subject to the original prices, which is particularly important in the context of cost increases. Similarly, instruments must be introduced that allow for changes in circumstances to be taken into account during the term of a contract and for the necessary adjustments to be made by establishing

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<sup>16</sup> The European Court of Auditors report on public procurement of 4 December 2023 (which can be found [here](#)) indicates that competition for public contracts declined during the period 2011–2021 and that a culture of competition is lacking within public procurement. The report analyses the causes of this problem, emphasises that the main objectives of the 2014 reform have not been achieved and proposes how to better implement it.



effective price review mechanisms and amending other terms in the contract, both under extraordinary and ordinary circumstances.

- Work must be done for the professionalisation of public buyers so that European public procurement rules are properly applied at all levels to help this process have a positive impact throughout the economy.

### 2.3.3 Digital Single Market

The business community must be given the time it needs to internalise the extensive regulations implemented in this area during the 2019–2024 legislature. To achieve this, new digital single market legislation proposals must only be introduced if real market failures are detected that must be corrected. Instead, progress must be made in delegated acts and the enforcement of legislation adopted in this period to ensure transparency and compatibility.

Furthermore:

- Additional measures are needed to close the digital divide in the EU by encouraging investment in education and training to consolidate the digital single market.
- Data flow tests must be performed that recognise the primacy of the data protection principle in the EU but that limit the risk of creating unjustified burdens when applying data protection regulations. This gives businesses the opportunity to legally challenge the data protection decisions they consider disproportionate.

### 2.3.4 R&D&I

Innovation must be encouraged to improve the EU's competitiveness. However, the latest data shows that the EU invests less than 2.3% of its GDP in research and development.<sup>17</sup> Therefore:

- Work must be done to strengthen European research, development and innovation value chains by promoting transnational R&D&I collaboration projects and locating them in countries with a deficit in this area. These projects must also seek to effectively and actively include SMEs.
- Coordination between the Commission and Member States must also be reinforced as regards their commitment to finance the technology infrastructure (Digital Innovation Hubs, Open Innovation Test Beds, etc.) needed to test solutions, such as experimentation spaces where companies, especially SMEs, and also ecosystems in general, can test solutions in a controlled environment.

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<sup>17</sup> Eurostat. R&D expenditure, 2021. Available [here](#).

### 2.3.5 Single market and infrastructure: transport, energy and telecommunications networks

A suitable, modern and efficient infrastructure network is needed<sup>18</sup> to help Spanish companies access the single market and promote accessibility to the Spanish market to ensure the movement of passengers and goods, energy supply security and improve the interoperability of telecommunications networks.

- As regards transport infrastructure, progress must be made in completing projects within the Trans-European Transport Network (TEN-T). Specifically, the core network (which includes Atlantic and Mediterranean corridors) must be completed as soon as possible. TEN-T corridor coordinators must also have effective powers to implement the agreed plans. Furthermore, the European Commission must have a strong mandate to monitor and supervise transport infrastructure projects to avoid delays that prevent TEN-T completion.
- To achieve Europe's ambitious climate objectives while ensuring that the industry remains competitive, it is essential that the development of technologies to ensure the energy transition is done in a technologically neutral way, to encourage research, development and innovation. In this regard, the electricity market reform must guarantee security of supply and sustainable access to energy at competitive prices and encourage the necessary long-term investment. It will also be necessary to unify European policies and homogenise energy taxation, which is increasingly divergent. Furthermore, to make the energy system more efficient and competitive, progress will have to be made in energy market integration by strengthening interconnections.
- Given the fundamental role of communications infrastructure in developing the digital economy and ensuring the pan-European provision of innovative digital services, a sustainable structure must be built for the telecommunications market. To meet the digital transition targets, this market must feature dynamic competition conditions that allow operators to grow at national level through market consolidation, as this will encourage investment and innovation.

### 2.3.6 Taxation

Within the area of taxation, administrative procedures must be simplified and standardised for businesses that operate in different Member States and companies must receive better information to avoid excess or under taxation, tax risks and tax disputes, while at the same time reducing tax compliance costs and ill-conceived business decision-making. To achieve this:

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<sup>18</sup> To achieve this, it is necessary to ensure that there is sufficient capacity to finance and invest in new infrastructure.

- More direct and indirect tax barriers must be removed, as they prevent or hinder investment, transactions and exchanges of goods and services between different Member States of the European Union.
- Efforts must be made to eliminate the tax differences between different Member States that lead to significant price inequalities for the same goods or services within the European single market. This is particularly important in the transposition of directives on tax matters.<sup>19</sup>
- VAT procedures must be simplified by creating a single VAT identification number in the EU and expanding the current concept of a VAT point of single contact to cover all goods transactions (including the location of stock at European level and subsequent sales).
- The proliferation of environmental taxes must be taken into account. For example, taxes linked to mobility will undoubtedly have consequences on the cost of accessing different markets and may impact the ability of different actors to participate in and from the single market.<sup>20</sup>
- To facilitate the free movement of workers, transparency must be improved, and all areas related to taxes and income tax returns must be made available in both the countries of origin and employment.
- Sustainability tax legislation requires further simplification and harmonisation. For example, recycling rates vary greatly across the EU, both between Member States and different product categories, and producers from each country are often required to record sales separately. Innovative solutions must be developed to resolve this issue, for example, by making it easier to manage product recycling fees to avoid separate registration procedures in each Member State.

### 2.3.7 Standardisation

The European standardisation model is an example of the success of public-private collaboration. To ensure that the new European standards remain relevant to the market, this model needs to be protected and remain a business-led process.

International and European standards must continue to be aligned to provide access to global markets and ensure that the EU remains a pioneer in policies linked to green and digital transitions. To achieve this, time frames for standardisation processes and deadlines must be reduced to make these transitions more efficient and SMEs must remain central to the processes used to define standards.

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<sup>19</sup> For example, different national measures can be seen in the implementation of Directive 2003/96/EC of 27 October 2003 on energy taxation.

<sup>20</sup> This could potentially have a substantial impact on Member States with economies that are closely linked to tourism.

## **2.4 Geopolitical role of the single market and EU enlargement**

Making the single market stronger, together with finalising the Economic Monetary Union and Capital Markets Union, is essential to reinforce the Euro's status as an international currency. This will also help the European Union continue to assert itself as the leading trading power and maintain a strong negotiating position in international trade agreements. Openness to foreign trade must also be viewed as crucial to the EU's open strategic autonomy and as a means to boost the competitiveness of European companies by meeting digital and green transition targets.

To achieve this, it is essential to guarantee the Union's energy autonomy, support and diversify manufacturing chains in strategic sectors and industries (by improving innovation, science and research ecosystems) and address the demographic challenge of aging and immigration.

The urgent need to make the single market stronger and improve its institutional supervision and monitoring mechanisms within the EU must be met before considering its potential future enlargement. EU enlargement will require governance mechanisms that seek to preserve and continue with single market integration without undoing any achievements to date or establishing "two speeds" or Member States of "different categories".

## **3. Conclusion**

The current momentum about the future of the single market must be drawn on so that all actors involved in its progress **prioritise it**, especially under the **new European legislative and institutional cycle**. To do this, all bodies and actors must be involved, including European institutions, Member States and their different levels of decentralised government, civil society organisations and the citizens and businesses they represent.

To move to the next phase of single market integration, this momentum must be translated into an **ambitious strategy**, with clear and feasible priorities and stages so that European businesses and citizens can make full use of its potential. The single market must be at the forefront of European integration, green transition and the EU innovation agenda.

The future strategy for the single market must take a **holistic approach** to the entire business and consumer itinerary. It must focus on removing excessive regulatory barriers, taking decisive steps to apply Better Regulation principles and adopting measures that result in greater and faster harmonisation of single market rules. It must also reduce the administrative burdens of the European single market's four freedoms and avoid measures that discourage companies and citizens from being able to use the single market in full. All this must be done while remembering that a stronger single

market will help the EU remain powerful at global level and continue to be a leading trading power.

The work needed to make the single market stronger requires **substantial institutional support** at both European level and from Member States (including their different administrations in case of decentralisation). For this reason, we welcome the impetus provided by the Spanish presidency of the Council and the incoming Belgian presidency, and hope that the high-level report that Enrico Letta will present to the European Council in March will lay the foundations for the strategy needed.

Looking ahead to the **next institutional cycle**, the European Commission's Directorate General for the Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) must be strengthened and the Committee on Internal Market and Consumer Protection (IMCO) must be given a stronger role in the European Parliament. In this regard, the IMCO committee must have a strong mandate that reflects the strong and necessary political support for the single market, as it is responsible for ensuring that legislative texts are aligned with the freedoms and rights included in the treaties.

At CEOE we reaffirm our **commitment** to continue working to ensure that the single market remains at the centre of the political agenda at both European and national levels.

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