Non-tariff barriers in the single market

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The Committee on the Internal Market and Consumer Protection adopted the own-initiative report by Daniel DALTON (ECR, UK) on non-tariff barriers in the Single Market.

More than 20 years after the launch of the single market, **unjustified non-tariff barriers (NTBs) continue to affect trade and free movement of goods and services between Member States** these NTBs can be motivated by protectionism and can be accompanied by bureaucratic challenges that are very often disproportionate to their purpose.

The committee stressed that the strengthening of the single market requires **urgent action at both Union and Member State levels** to address such NTBs. One of the tasks of the Union and its individual Member States should be the eventual abolition of NTBs where they cannot be justified or do not support the objectives listed in the Treaty on European Union, which states that Europe is based on a highly competitive social market economy.

Members felt that where such NTBs can be justified as proportionate, **information on differing national regulatory requirements should be easily accessible.** However, the implementation of the present system built around a diverse range of contact points, including Product Contact Points and Single Points of Contact, has been inconsistent across Member States and is overly complex. The Commission and the Member States were urged to place greater emphasis on **streamlining and improving these systems**, in particular the need for rapid improvement of the Single Points of Contact.

Whilst welcoming the Single Digital Gateway initiative, Members urged the Commission to create a single entry point for businesses and consumers to all single market related information, assistance and problem solving and to national and EU-wide procedures needed to operate cross-border in the EU. The functioning of SOLVIT should be improved.

SMEs, start-ups and innovative businesses, in particular sharing economy businesses, should be fully enabled to grow through cross-border trade, and such an expansion should not from their perspective constitute ‘international trade’ when seeking to trade in another Member State.

Crosscutting non-tariff barriers: Members believed that differences in the speed of transposition and the exact implementation of existing directives at national level create legal uncertainty for businesses and varying competition conditions in the internal market. They called for a **compliance culture** to be further promoted in cooperation between the Commission and the Member States, and underlined the need to swiftly address the subject of non-compliance by Member States. The Commission should increase its use of **guidelines** with regard to the implementation of directives since this can be a useful tool to ensure a higher degree of uniform implementation.

The report draws attention to the following points:

- the persistence of national-level differences in **product market regulation** with which businesses operating across borders still have to contend, in terms of both level of restriction and differences between Member States unnecessarily forces businesses to adapt their products and services;
- **SMEs and microenterprises** are disproportionately burdened in many ways, be they legal, financial or otherwise;
- the levels of **cross-border public procurement** remain low to date, with less than 20 % of all public procurement in the Union publicised on pan-European platforms and only 3.5 % of contracts

being awarded to companies from other Member States; SMEs particularly face difficulties in participating in cross-border public procurement;
- the **cost of compliance with VAT requirements** is one of the biggest NTBs; Members calls for practical VAT simplification proposals;
- many national administrative practices also give rise to unjustified NTBs, including **requirements for formalising of documents by national bodies or offices**; Member States should use e-governance solutions, which includes prioritising interoperability and digital signatures, in order to modernise their public administrations.

Sector-specific non-tariff barriers:

- ***Single market for goods:*** the report underlined the importance of the principle of **mutual recognition** for ensuring market access to the single market for goods which are not harmonised at Union level, It called on the Commission to act to improve the application of mutual recognition.

- *Single market for services*: Members drew attention to the problems for service providers, especially in **business services, the transport sector and construction**, stemming from multiple and diverse unjustified or disproportionate requirements concerning authorisation, registration, prior notification or de facto establishment requirements. They underlined the need for a **clear and uniform regulatory environment** which enables services to develop in a market that protects workers and consumers and ensures that existing and new operators on the EU single market do not face meaningless regulatory obstacles, whatever kind of business they are conducting.

- *Single market for retail*: retailers often face **disproportionate and inappropriate** establishment and operating conditions and procedures in the single market. Furthermore, some Member States are introducing rules discriminating against economic activity in the retail or wholesale sectors on the basis of the surface area on which the activity is carried out, the size of the undertaking or the origin of the capital, which is inconsistent with the idea of the single market.

The Commission was called upon to:

- accelerate the process of unlocking the potential for a **complete Digital Single Market** and the implementation of the EU Digital Agenda;
- set out **best practices** on retail establishment to ensure free movement of products and services, whilst respecting the principles of proportionality and subsidiarity;
- analyse operational restrictions on retail and wholesale in the single market, bringing forward reform proposals where necessary;

In conclusion, the report called on the Commission to **present in 2016 a comprehensive overview of NTBs in the single market** and an analysis of the means for tackling them, making a clear distinction between an NTB and regulations for implementing a legitimate public policy objective of a Member State in a proportionate manner, including an ambitious proposal to eliminate these NTBs as soon as possible in order to unleash the still untapped potential of the single market.