



Mr Thierry Breton
Commissioner for Internal Market
European Commission
Rue de la Loi 200
1049 Brussels
BELGIUM

22 September 2021

Dear Commissioner,

The Single Market aspects in the updated Industrial Strategy

In the letter addressed to you on 16 April, BusinessEurope stressed that the success of the revised Industrial Strategy in bringing us to the objectives of the green and digital transition significantly relied on the resource efficiency and consumer choice in the Single Market without barriers. Its freedoms are the basis for Europe's industry and services to develop.

We appreciate the Commission's analysis provided in the updated Industrial Strategy package of 5 May, re-confirming the remaining Single Market challenges through the angle of 14 industrial eco-systems and establishing links with Europe's strategic inter-dependencies. We support your efforts in ensuring consistent follow-up to the Long-term Action Plan on Implementation and Enforcement of Single Market Rules.

We reiterate the need to react to every barrier listed in the Commission communication on "Identifying and addressing barriers to the Single Market" of last year and in the Annual Single Market Report 2021, by **identifying respective actions to address those barriers in the Commission's annual work programs**. In addition, a firm reaction to new barriers, i.e. triggered by protectionist policies in some Member States recently, as well as preventive measures are also necessary.

While the imperative of having a strong Single Market governance system is clear and the updated Industrial Strategy addresses the Single Market bottlenecks in its chapter 3 'Strengthening Single Market resilience', European businesses feel that it falls short to establish strong links between the fundamental Single Market freedoms and actions in chapter 5 'Accelerating the twin transitions'. **The links between the green and digital transition on one side, and the necessary scale of the market that the Single Market regulatory framework should ensure on the other, are still to be reinforced.**

BusinessEurope notes that the revised Industrial Strategy is only a part of the answer and there is a need for additional concrete actions to remove Single Market barriers that

harm EU businesses and consumers. On several occasions, new legislative initiatives **do not follow the Single Market logic and rather create pre-conditions for market fragmentation in the EU**, together with national initiatives that go beyond the harmonized set of rules applying to the entire Single Market. This is particularly evident for circular economy rules, such as with the emergence of diverging national labelling requirements across the EU or inconsistent definitions on market access for products in the EU rules that put the Single Market at risk.

For example, the basic definition of "*placing on the market*" of a product under the Single Use Plastic Directive goes fundamentally against the Single Market principles by limiting itself to the first making available of a product "*on the market of a Member State*" instead that of the Union. Another example is about the provisions of the Commission's recent proposal for a General Product Safety Regulation (GPSR), making it possible for products that are not covered by a European standard to achieve "presumption of safety" if they comply with national requirements *set by a Member State*. This provision may well be interpreted to go against the principle of mutual recognition that is one of the cornerstones for free movement of goods in the EU. This is a very worrying trend.

Finally, the Commission is working on one of the key pillars of the Single Market, standardisation. We concur with the ambition to take a more strategic approach towards setting of standards, notably to support the twin digital and green transition. Fundamental principles of the New Legislative Framework for Products (NLF) are essential for the well-functioning of the European Standardisation System and vital to upholding and securing Europe's competitiveness, notably on the global stage. We must therefore preserve them.

The upcoming Standardisation Strategy should urgently address bottlenecks in standardisation processes and essentially be aimed at *preserving a market-driven standardisation environment* for the European industry and the EU's close linkages to international standardisation. Furthermore, it should also *avoid initiatives with insufficiently demonstrable value added or market relevance*. For example, standardisation in services has not yet proved being an advantageous tool for businesses. In addition, standards which could negatively impact the autonomy of social partners or affect different systems of industrial relations must be avoided, such as standards for human resources management.¹

¹ https://www.businesseurope.eu/sites/buseur/files/media/position_papers/internal_market/2021-08-09_he_comments_standardisation_strategy_roadmap.pdf

BusinessEurope is committed to new endeavours that can support the implementation of Europe's strategic priorities and stands ready to discuss these issues further.

Yours sincerely,