

Dear Mr. Letta,

Further to our meeting in December last year to discuss your Single Market assignment, we are writing to you to share some specific recommendations which we believe are critical for a stronger and more successful Single Market.

At its establishment, Europe Unlocked issued an S.O.S to the European Institutions – Strengthen our Single Market. The EU needs a concerted effort to achieve this, a pursuit which has not received enough political attention, but one that is critically important for Europe’s prosperity and economic success.

Since Europe Unlocked launched in October 2023, we have had many conversations with policymakers and while we can detect common agreement on the importance of the Single Market, there does not appear to be a unified view on how to strengthen it. We believe that we need:

- A comprehensive and fully-fledged Single Market Strategy
- Strategic leadership to identify the barriers that Member States have been reluctant to tackle for far too long.
- Strong governance mechanisms in place to hold relevant actors to account, track progress and expose laggards.
- Targeted actions to protect state aid control, encourage good regulation and ensure the evaluation of mechanisms like the Points of Single Contact and the Single Digital Gateway so that we are creating a culture of continuous improvement.

We hear voices in the debate over the future of the Single Market asking that increased spending at the European level be prioritized. Public spending has its place, but it must not distort the market and should be targeted at real market failure. Of greater urgency, in our view, is getting Single Market barriers down and pushing the Single Market into areas that have been hitherto protected by vested interests. It is this action which will elevate Europe’s economic performance and secure the prosperity that Europe needs.

Jacques Pelkmans’ report on “Empowering the Single Market” raises many points which we would agree with. Below we set out our priorities, drawing on the Pelkmans report but also the views of our members, so that you have a clear perspective on behalf the 17 business organisations that comprise Europe Unlocked.

1. Strategic leadership

As per the Pelkmans report, the Commission needs to work with Member States and the Parliament to establish a new Single Market Strategy which includes:

- **A detailed programme of medium-term priorities to be completed by 2028** which binds the Commission, the Council and the European Parliament in a joint undertaking for 3 – 4 years, with regular interim reports and milestones. This is alongside **two parallel action plans on services**: one which focuses on the full implementation of the Services Directive and another which looks at other regulated services.
- Work also urgently needs to start on longer-term priorities for the Single Market which have historically met significant resistance from Member States e.g. in the field of telecoms or copyright. Inertia should not be tolerated at the expense of potentially significant economic gains.

2. Governance

- EU institutions need to dial-up **peer pressure** by giving real **visibility to delivery** or lack of it and **the mechanisms to scrutinise** this effectively. The Pelkmans report makes a number of valid suggestions in this regard including increased efforts by the European Parliament's Internal Market Committee, a dedicated Commissioner for the Single Market who has a clear mandate to step up enforcement and hasten legislation which is needed to harmonise and deepen the Single Market to ease cross border trade.
- Expedite and toughen enforcement through a **fast-track procedure to the CJEU** for cases related to the Single Market and explore the option of **suspending national law** from the inception of an infringement proceeding.

3. Other targeted actions

- We need a **return to strict state aid control** to safeguard well-functioning markets that can incubate globally competitive companies. Extensive use of state aid distorts competition between companies regardless of origin, and risks rewarding large and already-established companies. State aid should be focused on remedying market failures, such as research and development and environmental impact.
- We need to reduce administrative barriers by **evaluating the functioning of the Points of Single Contact (PSC) and the Single Digital Gateway (SDG)**. These are laudable mechanisms but we need continuous improvement to ensure that they are helping to reduce barriers to cross-border trade.
- While it's helpful that the Commission is now looking to reduce reporting obligations, a methodology should also be established for measuring **the cumulative burden of regulation and a target should be set to reduce it**.
- The **necessity of new regulation must always be rigorously assessed** and different options seriously considered.
- **Impact assessments on amendments** introduced by co-legislators with significant impact and which differ substantially from the Commission's proposal should be provided, to avoid unintended consequences and provide an accurate picture of the burden on businesses.
- The **Regulatory Scrutiny Board should become truly independent** from the Commission and be provided with additional resources to exercise its mandate. Amongst its priorities should be a close review of competitiveness checks and SME tests, alongside the general reduction of regulatory burdens.

We hope that you find these contributions helpful. We are at your disposal should you wish to discuss any of these points in further detail.

Yours sincerely,

Europe Unlocked