

Position of the Austrian Federal Economic Chamber

PUBLIC CONSULTATION: SINGLE MARKET STRATEGY 2025

With regard to the future Single Market Strategy, the Austrian Federal Economic Chamber would like to refer to its positions on the Letta report and the Draghi report:

- [WKO position on the Letta report](#)
- [WKO position on the Draghi report](#)

Underpinning the importance of removing barriers to the single market: Even 30 years after its creation, the single market is still not complete. This results in high costs. According to an analysis by the IMF, the **remaining barriers to trade** within the EU have the same effect as if the Member States were to impose **tariffs of 44 % on goods and 110 % on services** (IMF, [WKO](#)).

In addition, we wish to reaffirm or supplement the following points:

Barriers to the free movement of goods and services in the single market and possible ways of addressing them

Deepening the single markets with respect to the **service sector** is of utmost importance. The German institute ifo estimates that removing trade barriers (including the reduction of bureaucracy or the harmonization of various national regulations) in the EU single market for services would increase the gross value added of all Member States. Reducing trade barriers for services by just 10% could increase gross value added in the EU by 0.5 % or 77 billion euros (ifo). At 2023 prices, this corresponds to an annual increase in gross value added of EUR 77 billion (EUR 355 billion) in the EU in the medium term. Reducing the trade barriers in the service sector by 25 % would lead to an even larger boost in economic growth. According to calculations by ifo, a comprehensive 25 % reduction in trade barriers would increase gross value added in the EU by as much as 2.3 %, or around EUR 353 billion (at 2023 prices).

At present, there still exists a **large number of barriers with different bureaucratic and institutional rules**, thus particularly affecting the services sector. Further deepening the single market for services is therefore of an indispensable priority. Due to the rapid development of digitalization and the close interdependence of sectors, the services sector will continue to show high growth potential. While trade in goods in the EU has increased from just over 20 % of GDP to 23.8 % between 2018 and today, trade in services has increased from 7 % of GDP to 7.8 % over the same period. The Services Directive has helped to reduce barriers, but full compliance is not yet achieved.

Numerous policies can contribute to reducing barriers in the service sector. One key factor for reducing barriers in the service sector of the single market is the **deepening of the capital markets union**. Measures to remove barriers to a capital market union can contribute to improving access to finance, increasing efficiency as well as increasing participation in the capital markets.

The upcoming Single Market Strategy must take into account the internal and external dimension as well as a comprehensive view, also taking into account other strategic targets of the EU, in particular the competitiveness of the manufacturing industry, but also when it comes to e.g. the circular economy (with regards to trade in secondary materials, skilled workers mobility, permitting procedures, among other issues).

The latest legislative developments need to be taken into account:

- Latest climate and environmental protection legislation (e.g. ESRP, CBAM...) require a strengthened uniform enforcement in every Member State. Otherwise, there is a great risk of distortion within the single market, in particular when it comes to imports.
- Regulation that requires company measures such as data and information exchange along entire value chains and across borders. E.g. the functioning of procedures as imagined under the Corporate Sustainability Due Diligence Directive will probably be hampered by scattered implementation and enforcement in the Member states. The single market governance framework must address these new realities for companies.
- Future obligatory rules on public procurement (when it comes e.g. to resilience, green public procurement)

State-aid rules are also an important element of a functioning single market; these must be set in such a way as to allow for meaningful support on the one hand, but without leading to a distortion on the other. This is particularly important for smaller and medium-sized Member States.

In particular, our demands are:

- **Preventing new barriers to providing services**
There is a need to remove remaining barriers and to provide for faster and more flexible enforcement mechanisms. National authorities continue to issue national regulations on services without the possibility of prior review. This contributes significantly to the creation of new barriers. Since the recent attempt to reform the service notification procedure failed due to the resistance from some Member States, a new approach is required. An ex-ante review procedure would increase transparency in the national implementation of the Services Directive and thus make it more difficult to introduce protectionist measures and so-called "gold-plating".
- **Unlocking the full potential of the notification mechanism**
Increased scrutiny of the compatibility of national notifications of technical regulations for Information Society goods and services with the EU single market would reduce national barriers for companies operating across borders in the single market.
- **Improving access to information on rules and requirements**
Business support services, such as the **Enterprise Europe Network**, are of great importance in implementing the Single Market strategy, insofar as they support SMEs to grow and expand in a strengthened single market.
- **Upcoming Evaluation of the Geo-blocking Regulation**
The single market is based on four freedoms that are intended to enable market participants to make the best possible use of it. This is of decisive importance for our open, export-oriented economy and secures jobs and thus prosperity. At the same time, especially in view of the upcoming review of the Geoblocking Regulation by the EU Commission, it should be noted that there is no obligation to use these freedoms, and such an obligation should not be imposed in the light of entrepreneurial freedom. A company's decision not to engage in cross-border

activities does not constitute discrimination on the grounds of nationality or place of residence. For example, the fact that traders do not want to deliver their products to consumers in all other Member States may be due to compelling factual and legal reasons (language, applicable law, increased complexity and costs for cross border cases of legal guarantees and returns etc.). It must always be possible for a company to take a conscious decision to operate only “regionally” and - perhaps gradually - expand or not at all. Accordingly, traders should continue to be able to determine their delivery area themselves.

With regard to the evaluation of the Geo-blocking Regulation, it should be emphasized that the existing exception for audiovisual services in the Geo-blocking Regulation is a necessary measure that takes into account the special features of the audiovisual sector in the interest of cultural diversity and should in any case be maintained.

The review of the geo-blocking regulation must also take into account the different impacts of tourism on the population in tourist regions.

The added value generated, particularly by winter tourism, enables rural areas that would otherwise be structurally weak to prosper and prevents emigration. On the other hand, the local population is often confronted with increased traffic congestion and higher prices in some areas of everyday life. Therefore, the reasonableness of differentiations in the interests of the local population in the case of regionally rooted services offered by companies in tourist areas should be recognized under EU law.

- **e-declaration for posting of workers**

Posting workers in the course of cross border services still requires a huge amount of paper work. This contains

- completing the A1 form for each posted worker, even for very short periods of time, in order to prove that the worker is subject to the social security of the sending state. The posted worker needs to carry this document with him.
- the declaration according to Art. 9 (1) of Directive 2014/67 (enforcement of the posting of workers directive) which may contain the following information:
 - (i) *the identity of the service provider;*
 - (ii) *the anticipated number of clearly identifiable posted workers;*
 - (iii) *a person to liaise with the authorities of the receiving Member State and a contact person for social partners should they wish to start collective bargaining;*
 - (iv) *the anticipated duration, envisaged beginning and end date of the posting;*
 - (v) *the address(es) of the workplace; and*
 - (vi) *the nature of the services justifying the posting;*

This list is an indicative one only and may be complemented by the Member States, given, that the existing administrative requirements are not sufficient and provided these measures are proportionate and justified. This means in practice that the information requested for the provision of services may vary from Member State to Member State.

In addition, information on employment contracts, including payslips, time-sheets indicating the beginning, end and duration of the daily working time and proofs of payment of wages or copies of equivalent documents during the period of posting need to be kept in an accessible and clearly identified place in the receiving Member State. After the posting, this information needs to be made available at the request of the authorities of the receiving Member State in one language accepted by the latter.

Keeping the balance on the one hand between requirements and controls being necessary for fair competition between companies posting workers from abroad and the local companies and on the other hand the necessity to reduce red tape is challenging.

In order to simplify this procedure without undermining the possibility to perform the necessary controls, WKO suggests the following:

- the A1-form should not be necessary for conferences or internal trainings, which are - as such - no “classic” postings
- to adopt the e-declaration asap. The e-declaration as envisaged by the EC should contain - as additional information - the social security number of the posted worker. The electronic exchange between social security institutions allows to check immediately if the posted worker is insured in the sending country.
- It should be clearly stated in the provisions governing the e-declaration that Art. 9 and 10 of Dir 2014/67 remain unchanged

These measures would allow for a certain simplification for the posting of workers procedure without undermining fair competition on the internal market.

- **Uniform application of single market rules and concepts in connection with e.g. mutual recognition, country of origin, market surveillance:**
If Member States have different interpretations, e.g. on market surveillance, faster decisions by the European institutions are necessary to realize the free movement of goods and services across borders.
- **Limited Choice of Network Equipment Suppliers**
Regulatory burdens for network expansion can also arise from the ban on the use of products and services by individual suppliers of network technologies. In particular smaller operators are dependent on the expertise of large suppliers and often have long-term supply and service contracts. Switching to other suppliers in the short or medium term is hardly economically feasible for them. It is therefore crucial that, in the event of any prohibitions, long switchover periods are granted and that procedures for categorization as a high-risk vendor are exclusively evidence-based, fair and transparent.
- **Modernization of Merger Regulation**
The assessment of mergers should be modernized to enable European companies to strengthen their competitiveness on global markets, especially by benefiting from economies of scale and investment in new technologies.

This means allowing for productivity driven concentration in globally competitive markets (the good type of concentration) without weakening the EU’s competition policy on the single market. Ensuring competition within Member States is decisive and should be a high priority. Flexibility in the assessment of mergers would help European companies to compete globally and to benefit from economies of scale in order to support the completion of the “Single Market project” with strong, competitive companies. In this regard, the assessment of mergers should take innovation into consideration, in particular by evaluating the extent to which a merger could discourage the entry of new innovative firms, discourage R&D investments by competitors or threaten competition in nascent markets.

This means anticipating the impact of mergers on innovation and the creation of new markets without preventing scaling up and productivity driven acquisitions.

- **Digital Neutrality and Innovation**

Innovations in the areas of 5G, network slicing, and specialized services should be even more promoted. Furthermore, fair access to digital platforms for all market participants should be ensured, and anti-competitive practices by digital gatekeepers must be prevented.

- **Uniform regulatory approach, taking into account the specific characteristics of national financial markets**

With regard to the objective set by the European Commission as part of the new Single Market Strategy for 2025 to remove existing regulatory and administrative barriers or preventing new ones from materializing, **it should be highlighted that the supervisory authorities of the EU Member States repeatedly apply divergent approaches and interpretations.** In hardly any other area has European legislation reached such a high level of intensity as in financial and capital market law. In addition to the volume and increasing complexity of the regulatory framework at the various regulatory levels (Level 1, 2 and 3), the different interpretations by national supervisory authorities represent a major barrier to the free movement of services within the single market and also make it more difficult for cross-border financial entities to operate in other Member States and offer their services across borders under these conditions. This is becoming increasingly challenging due to the ongoing digitalization of financial services. **A common interpretation and implementation approach by supervisory authorities, as envisaged in numerous EU legal acts, is to be welcomed in this regard.** On the other hand, there is also a need for opportunities to address the specific characteristics of financial markets within the EU.

- **Removal of tendering barriers for supra-regional providers.**

In some Member States 'creative mechanisms' have been developed to make it difficult or almost impossible for supra-regional suppliers to enter the market.

- For example, in some Member States there are 'permanent construction sites' from which road construction materials can be extracted and transported to the site within short transport distances. Any quarry responding to the tender will be further away and will not be awarded the contract.
- In other Member States, for example, membership of a cooperative is a prerequisite for participation in certain tenders. There are also many regionally protected products and only these are requested in the tenders.

- **Preparedness and security in the context of the single market**

- The forthcoming Single Market Strategy needs to take account of the increased importance for economic security, and also to take full advantage of the synergies with the recently published Niinistö report as well as the yet to be published EU Defence Strategy. In particular, a more integrated single market for defence goods and services would be clearly welcome in times of geopolitical uncertainty.
- In the future, it will be essential to give priority to identifying and ensuring the availability of critical assets in anticipation of potential crisis scenarios. This will require the implementation of stockpile strategies and improved communication and coordination between Member States in different crisis contexts. These measures are essential to enable efficient and systematic cooperation in crisis situations in order to address common threats with common solutions.

Reduce administrative burden and simplify EU legislation

Due to the ever-increasing density of EU legislation, companies are facing major administrative and financial challenges. In particular, the EU Green Deal and the associated ESG initiatives of the European Commission will result in many new rules for companies in the coming years, which will create a high amount of administrative burden - for a better illustration, please see also the [WKÖ ESG Compliance Jungle](#). Therefore, the new Single Market Strategy must also promote the announced reduction of bureaucracy and simplification of the EU legal framework in order to strengthen the competitiveness of European companies.

Our demands in this regard are:

- **A comprehensive EU strategy for reducing administrative burden**, with a concrete implementation plan and a clear commitment from all sides:
 - **reduce EU reporting obligations by 25 % as a first step** (35 % for SMEs) and reduce the cumulative burden (e.g. certifications, authorisations) significantly - please see also [88 concrete WKÖ proposals to reduce EU bureaucratic burden](#) as well as [company examples for over-regulation](#)
 - **stress-test the EU acquis**, eliminate duplications and contradictions, **facilitate implementation** (e.g. helpdesks, EC guidelines, digital tools) and involvement of relevant stakeholders for feedback in order to prevent and solve implementation problems in practice
 - implement the “one in-one out” principle in the same policy field
- **Systematic and improved application of the Competitiveness Check and the SME test**
 - when drafting new EU legislation (impact assessment, legislative procedure) and in ex-post evaluations
 - with updates during the entire legislative process by the EU Parliament and Council, so that the effects of amendments to the Commission proposal by the two co-legislators are also systematically assessed in the legislative process and negative effects are avoided
- **Design new EU legislation** in such a way that
 - it is SME-friendly and practical (“Think Small First”) and that businesses should only have to submit information once (“Once Only”)
 - it enhances competitiveness and complies with trade policy requirements as well as the principles of proportionality, subsidiarity and the rule of law
 - it considers the impacts on the entire supply chain accordingly
 - provide for sufficiently long transition periods for implementation so that companies can optimally prepare for the new conditions
 - it is not tightened in the short term without prior evaluation (e.g. the Insurance Distribution Directive (IDD), which is important for insurance distribution, has not been implemented for long and work is already underway to tighten up the rules for insurance investment products as part of the Retail Investment Strategy.)
- **Reduce the administrative burden related to EU funding and avoid gold-plating** in national transposition

- **Need for streamlining authorisations, permitting and licencing requirements in specific areas:**
 - Especially, industry needs tools and instruments for an effective governance, implementation and enforcement of already existing legislation in the area of permitting procedures, be it RED III, the NZIA, the CRMA or others (since all of them can have cross-border impacts)
 - Several recently concluded EU Green Deal acts - without questioning their environmental goals and their effectivity - should be considered to be amended before implementation/application concerning their non-productive administrative burden such as: certification, mandatory life-cycle assessment, proofs concerning the whole supply chain, reporting obligations etc.; this might concern legislative acts such as: Deforestation Regulation (EUDR), Taxonomy Regulation, CSRD (Corporate Sustainability Reporting Directive), Ecodesign Regulation (ESPR: Ecodesign of Sustainable Products Regulation), CSDDD (Corporate Sustainability Due Diligence Directive) in connection with longterm energy contracts, Packaging Regulation, CBAM Regulation (Carbon Border Adjustment Mechanism), EPBD (Energy Performance of Buildings Directive), UWWTD (Urban Wastewater Treatment Directive), Nature Restoration Regulation and more.
 - The main takeaways and lessons learned in terms of streamlining of authorisations and permitting procedures from all sorts of cross-border EU projects (e.g. IPCEIs) have to be taken into account in a **renewed single market governance framework**. It must be coherent with and conducive to the EU's strategic targets (e.g. cross-border energy infrastructure development) and subsequent funding programmes.

The horizontal governance of the single market and the enforcement of its rules, and possible initiatives to improve them

- **Improving handling of infringement cases**
 The new Single Market Strategy must also seek to improve the enforcement of single Market rules. The correct and timely implementation of EU law in the Member States is essential.
 - The **Single Market Enforcement Task Force** should be strengthened to more effectively address the inadequate national implementation of EU law.
 - With regard to **infringement procedures**, existing enforcement instruments should be made more efficient in order to quickly resolve internal market infringements.
- **Creation of a new, legally binding protection system for investors at EU level**
 The European Court of Justice has declared intra-European investor-state arbitration (ISDS) to be contrary to EU law ("Achmea ruling"). With the complete abolition of all bilateral investment treaties with EU Member States (intra-EU BITs), the protective effects of these agreements under international law no longer apply. At the same time, there are still deficits in some European countries with regard to the rule of law and legal and investment security, as the European Commission's „Rule of Law Report“ also emphasizes.
 A legally binding protection system should be easily and freely accessible to all investors from EU Member States - including SMEs - and ensure that investor problems are dealt with quickly and legally. The establishment of a separate investment chamber at the EU Court of Justice is conceivable.

Taking greater account of the internal and external dimensions of the single market

It should not be forgotten that a functioning single market is also dependent on imports from and exports to third countries. Although the most important export market for Austria is Germany, the USA is already in second place, a trading partner that will pose a major challenge not only to the EU but also to the WTO in the future due to its new presidency. As part of the EU, we also have a large network of trade agreements that ensure stable trade relations and thus contribute to the prosperity of the EU. Therefore, it is not only necessary to strengthen and reform the WTO, but also to further expand the network of EU trade agreements.

Many legal acts adopted by the EU in recent years, a particularly prominent example being the EUDR, not only pose major challenges for European companies, but have also "upset" our trading partners. The European Commission has had to listen to a lot of criticism in this regard within the framework of the WTO and in bilateral meetings with its preferential trading partners.

Therefore, especially in geopolitically difficult times, it is important that there is better coordination between industrial, competition, climate and trade policy. On the one hand to avoid new bureaucratic hurdles for companies and on the other to ensure that our stable trade relationships are not 'damaged' by overborder measures. In practice, this means that the individual Directorates-General should and must talk to each other when new measures are to be taken.

Care must also be taken to ensure that trade measures do not have to be protectionist, but pragmatic and aimed at increasing productivity. In our view, it would be particularly important to do the "EU homework" in advance and to analyse in detail the internal and external dimensions, the different interests within the individual sectors (e.g. producers and users in industry) and the effects on other sectors. Measures to reduce dependencies on one trading partner must not lead to new dependencies on another trading partner. It is essential to "think about supply chains from start to the end". Trade measures for the benefit of producers must also not lead to massive damage or even "destruction" of the user industry. Here, the benefit-cost analysis must be carried out carefully. A comprehensive involvement of European business operators and business representatives should be ensured.

A key area for competitiveness is access to raw materials. This should be secured by further expanding trade agreements and concluding partnerships. There is also a need for rapid implementation of the Critical Raw Materials Act (CRMA) according to uniform criteria in the EU Member States. It is also necessary to ensure that the possibility of exemption from customs duties for raw materials, semi-finished products and components by means of tariff suspensions and tariff quotas for industry is still possible and is not restricted by other trade policy measures.

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