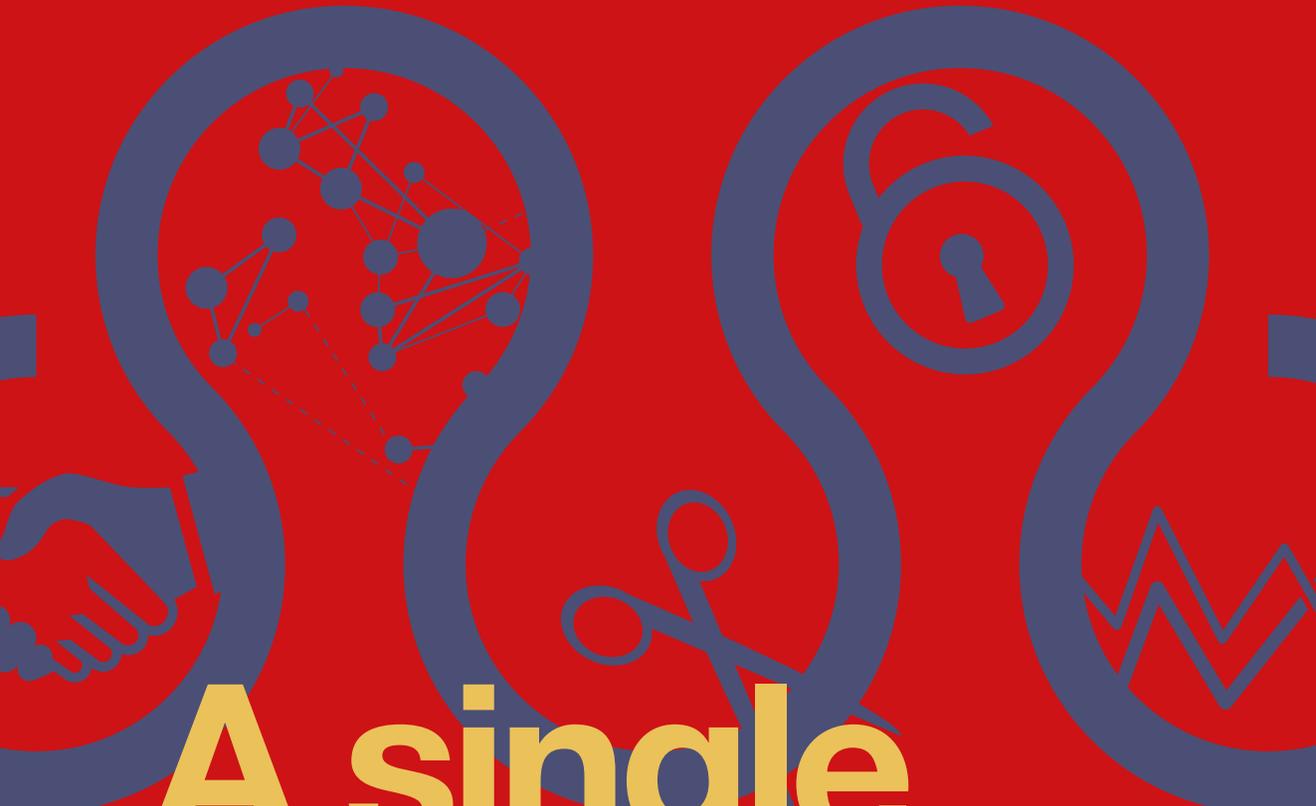




ibec
For Irish Business



A single market that works

**Ibec priorities for the
European single market**

October 2015

Improving the single market matters

The European single market provides benefits in terms of our inward investment, market access and growth – **it adds over €3.2 billion per annum to Ireland’s national income**. However the full potential of our single market remains untapped in areas such as services, goods and digital.

The EU and its members must unlock the potential of the single market in services, goods and digital to enable business to provide growth, jobs and improved choice in goods and services for consumers – it would add up to **€936 billion per annum to the EU economy**.

An enhanced single market in goods and services could add up to €521 billion per annum to the EU economy. At national level, the estimated increase of 2.67% GDP would mean an increase of €1,093 per capita income per head of the Irish population.

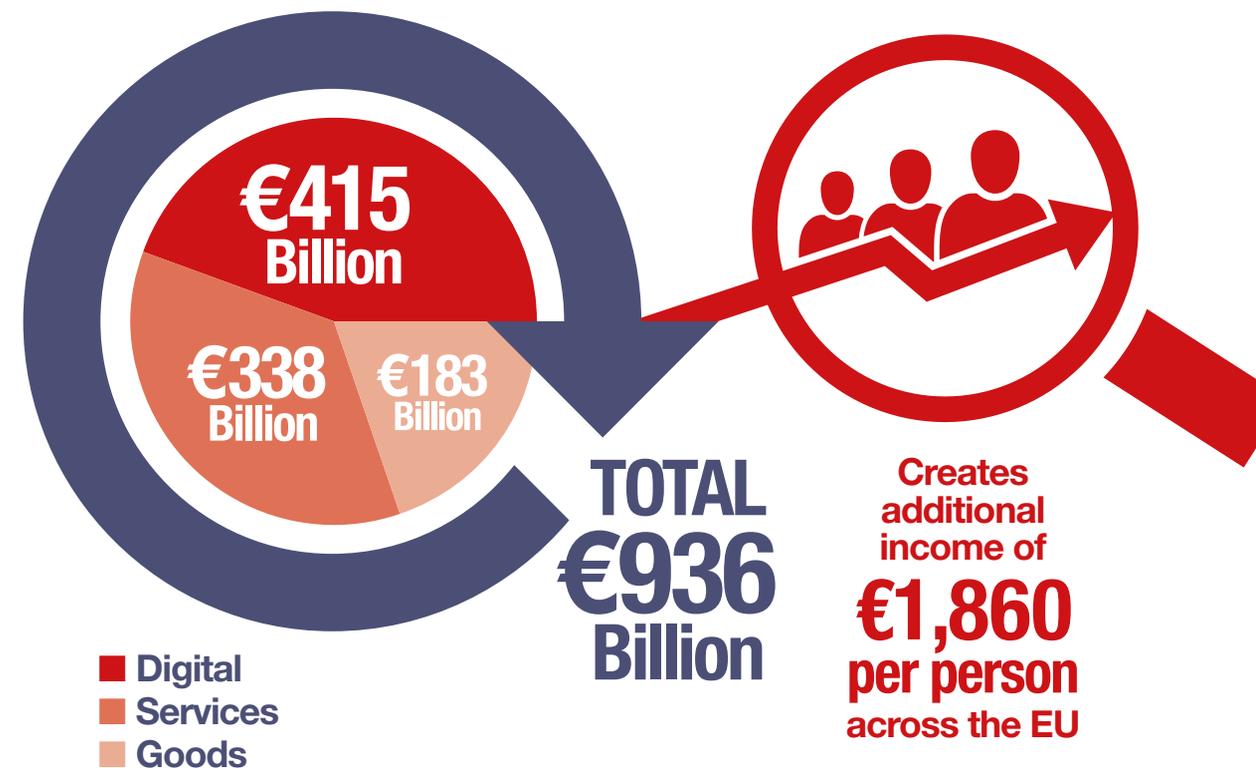
The effective roll out the Commission’s digital single market strategy could add €415 billion to the EU economy.

While services make up 70% of EU economic activity, it only accounts for 20% of intra-EU trade. Implementation of the Services Directive 2006 (and hence the effective functioning of the single market for services) varies across the EU.

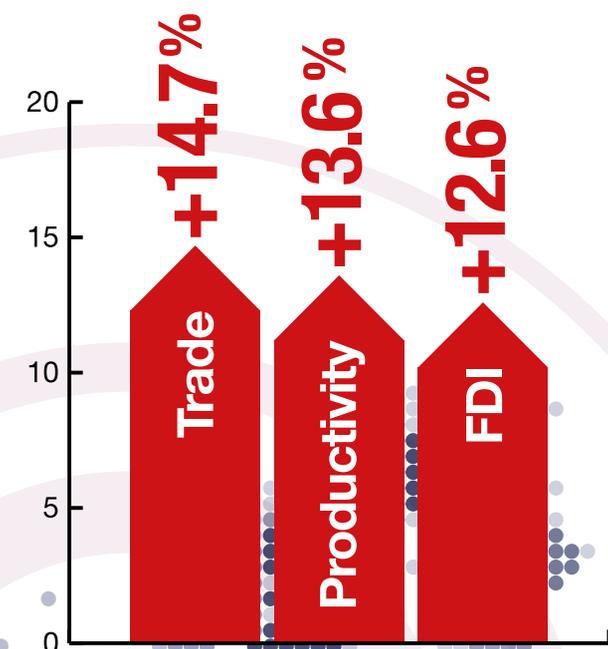
Improved implementation of the Services Directive 2006 would not only provide positive impacts on European GDP (+2.6% or €338 billion) but on trade (+14.7%), productivity (+13.6%) and foreign direct investment (FDI) (+12.6%) too.

Trade in services accounts for a significant proportion of Ireland’s national income relative to its EU neighbours – Ireland’s trade in services is 54% of GDP. Improved implementation of the EU’s Services Directive 2006 could be significantly beneficial to Ireland.

The benefits to Europe’s income from completing the single market*



Other potential benefits



* Source: European Parliamentary Research Service 2015

Our priorities for a single market that works

Ibec's priorities for a single market that works can be summarised under the following five themes.

01 Boost cross-border trade in goods and services across the EU

The EU should work with the member states to:

- ensure proper implementation of single market rules including taking a zero tolerance approach, simplifying administrative processes (e-Governance) and improving national-level points of single contact and a fully functioning SOLVIT system;
- improve cross-border cooperation to make market surveillance in Europe more effective;
- encourage mobility and choice in the single market by promoting mutual recognition in areas such as certification, permits and qualifications;
- ensure enforcement of the Posted Workers Directive to enable business to freely provide services across the EU while guaranteeing equal treatment for these workers;
- address divergent legal and ownership requirements that make it difficult for companies to establish abroad;
- improve access to public procurement in the single market, for example increasing access to electronic bids and opening public services to public-private partnerships; and
- take a targeted approach to barriers to free movement of services in sectors with the potential to further develop the single market. Examples include business and professional services, construction and retail.

02 Encourage a EU digital single market that works

The EU should work with the member states to:

- secure trust through smart regulation;
- ensure the free flow of data and avoid the negative impact of data localisation policies
- create a climate that encourages investment in digital infrastructure and quality content, to improve access and connectivity for consumers; and
- promote the development of digital skills, talent and innovation.

04 Unlock investment in infrastructure underpinning the single market

The EU should work with the member states to:

- strengthen investment in a sustainable energy system;
- unlock investment in digital infrastructure; and
- develop a transport system that underpins the single market, implement the Single European Sky proposals and support investment that facilitates haulage and passenger transport through the EU core seaports.

05 Encourage business services that meet the needs of the broader economy

The EU should work with the member states to:

- ensure a secure and effective financial services system, including a functioning banking union and capital markets union that serve the needs of large and small business. Support complementary sources of finance such as venture capital and market-based development of financial instruments for SMEs;
- ensure that EU proposals on taxation policies must be subject to rigorous cost-benefit analysis of the impacts on competitiveness;
- support the principles of the European Voluntary Supply chain initiative, maintaining a fair approach to relationships within the B2B food supply chain, free of unnecessary regulatory burden or legal obligations on the retail sector;
- provide a cohesive framework to support and promote the competitiveness of Europe's retail and wholesale sectors;
- reduce and eliminate barriers caused by variation in national standards, for example the wide variety of safety passports used in the construction sector;
- assess challenges with cross-border insurance and create a single insurance market, including harmonising Insurance Guarantee Schemes (IGS); and
- eliminate differences that arise from accounting and generally accepted accounting principles (GAAP).

03 Cut red tape and do not rule business out

The EU should work with the member states to:

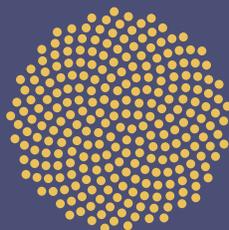
- keep smart regulation at the core of the EU decision making process;
- enhance the evaluation of EU policy and legislative initiatives. The EU decision making process must be efficient, effective and evidence based; and
- ensure harmonised implementation of EU legislation to remove barriers at national level and avoid the introduction of new barriers.



Conclusion

The importance of the single market to sustaining Europe's return to a path of strong economic growth is recognised by business, the EU institutions, OECD and IMF. However, recent research shows that the single market is incomplete. Its full potential remains untapped in services, goods and digital. An effective digital policy framework and focussed implementation of EU rules on services will lead to improvements in our economic growth, trade, FDI and productivity.

The Commission's October single market strategy is an opportunity to boost cross-border trade in goods, services and digital and enable business to create jobs and growth.



ibec
For Irish Business



Ibec Head Office

84/86 Lower Baggot Street
Dublin 2

T: + 353 1 605 1500

E: membership@ibec.ie

W: www.ibec.ie/membership

Galway

Ross House
Victoria Place
Galway

T: + 353 91 561109

E: galway@ibec.ie

W: www.ibec.ie/west

Cork

Knockrea House
Douglas Road
Cork

T: + 353 21 4295511

E: cork@ibec.ie

W: www.ibec.ie/cork

Brussels

Avenue de Cortenbergh
89, Box 2

B-1000 Brussels

BELGIUM

T: + 32 (0)2 512.33.33

E: europa@ibec.ie

W: www.ibec.ie/europe

Limerick

Gardner House Bank
Place Charlotte Quay Limerick

T: + 353 61 410411

E: midwest@ibec.ie

W: www.ibec.ie/midwest

Donegal

3rd Floor, Pier One Quay Street
Donegal Town Donegal

T: + 353 74 9722474

E: northwest@ibec.ie

W: www.ibec.ie/northwest

Waterford

Waterford Business Park
Cork Road Waterford

T: + 353 51 331260

E: southeast@ibec.ie

W: www.ibec.ie/southeast

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