

REPORT

Growth and competitiveness through less red tape in the Single Market

How simplified and streamlined policies can help unlock the potential of the Single Market to provide a platform for Belgian companies to grow and gain global competitiveness.



This report, *Growth and competitiveness through less red tape in the Single Market*, published in April 2024, lists **11 specific and impactful policy initiatives** to strengthen the functioning of the Single Market.

The 11 recommendations provide a roadmap for a stronger and more united Single Market, with the aim of supporting the European Commission and Member State governments throughout the mandate from 2024-2029.

Based on a survey, interviews and a detailed literature review, this report gives a voice to Belgian companies on the challenges they experience when doing business in the Single Market. The report also points to policy solutions that would help them use the Single Market as a platform for achieving scale and enhancing their competitiveness at a global level.

This study contains an independent assessment of how further integration of the European Single Market can support global competitiveness, growth and resilience for the Belgium economy.

The research was conducted in close collaboration with the Belgian Association for Trade and Services (COMEOS). As part of the study, a survey of Belgian export-oriented companies across a range of sectors was conducted with COMEOS and Ipsos, an international market research firm with global survey capabilities.

Executive summary

Since its establishment more than 30 years ago, the Single Market has been the engine of competitiveness, growth and prosperity for the Belgian economy. Its economic size has given the EU political weight in global negotiations and bilateral arrangements. Faced with a more conflictual, volatile and complex world,¹ further reduction of barriers and continued integration are essential for the Single Market to remain the key driver of EU's competitiveness, prosperity and resilience in the future.²

This report brings forward the **call for action from Belgian SMEs** who point to the need for continued efforts to simplify and streamline EU policies to fully unlock the potential of the Single Market. These SMEs form the backbone of the Belgian economy, accounting for 99.9% of all firms but only for 34% of total Belgian exports. These numbers reflect that exporting is a difficult activity that requires significant financial and human resources. Nevertheless, 62% of the SMEs' total exports are destined for the Single Market³, and the results presented in this study confirm that the Single Market is a platform for SMEs to internationalise, diversify exports and grow muscles to compete globally.

With an export to GDP ratio of 95.7% in 2022 (compared to 56.3% for the EU), Belgium is a trade champion largely due to the ability of its businesses to trade internationally.⁴ Enabling potential SME exporters to land their first export order abroad and existing SME exporters to expand to more markets will hold great benefits for the Belgian economy.

Based on a survey of 363 export-oriented Belgian companies (see Appendix 1 for further details on the survey methodology, interviews and a detailed literature review), this report gives a Belgian perspective on how an ambitious reboot of the Single Market can help these companies scale up, become more competitive and contribute to the resilience of the Belgian economy. The survey results indicate that Belgium SMEs see large benefits as well as large potentials from the Single Market, which likely reflect the small home market compared to some of the larger EU Member States.

The survey also shows that **small and larger Belgian companies face many of the similar challenges** when doing business in the Single Market. Reducing the regulatory barriers identified in this report will therefore both enable SMEs to mature and gain scale through cross-border activities in the Single Market and at the same time improve the competitiveness of larger firms trading internationally.

Belgian companies call for European policy makers to:

- **Simplify and streamline policies to unlock potentials** | Differing regulatory requirements are cited as the most critical barriers for Belgian companies to do more business in the Single Market. 94% of the companies say that regulatory barriers increase their costs, 94% say that regulatory differences erode their competitiveness and 92% experience lower profits because of the cost of complying with EU regulations. Belgian companies confirm that drawing a red line against red tape will increase intra-EU exports, make it easier to source within the Single Market and facilitate engagement in public procurement across borders in the Single Market. This will stimulate growth and job creation in Europe.
- **Implement 11 specific recommendations for an ambitious reboot of the Single Market** | The SME survey, statistical analysis and business cases in this report confirm that the 11 specific and impactful policy initiatives to strengthen the effective functioning of the Single Market proposed by Swedish SMEs and described in the report *Reboot of the Single Market – How to support the growth of SMEs through a strong and united Single Market* will also help Belgian SMEs and larger companies do more business via the Single Market.

The 11 recommendations are detailed below.

Set a bold and ambitious vision for the Single Market

The Single Market integration from 1995 to 2015 has permanently increased Belgium’s GDP per capita by 2.5%, created 113,000 jobs and increased the citizens’ purchasing power by EUR 1,160.⁵ To establishment a Single Market, members needed to harmonise legislation and establish common standards to ensure that domestic and foreign firms are subject to the same requirements, fostering fair competition and a level playing field when doing business across borders in the Single Market. Securing the four freedoms of the Single Market warrants ongoing review and updates of EU regulations to keep up with technological developments, global conditions and key societal challenges.

To reinstate the Single Market at the centre of the EU policy agenda, we propose the adoption of an ambitious Single Market strategy to ensure that regulatory fragmentation does not unnecessarily limit trade and drive up costs for SME. This proposal is supported by the survey results, where SMEs rank regulatory differences across Member States as one of the most critical barriers to doing business in the Single Market.

We also urge the Commission to take specific steps to ensure that existing EU regulations do not place unnecessary burdens on SMEs by strengthening SOLVIT and getting the national SOLVIT centres to act proactively on structural cases. Another way to reduce burdens is to implement a data flow test that would give businesses the possibility to challenge data protection decisions that are perceived as disproportionate.

<p>#1 Adopt an ambitious Single Market Strategy</p>	<p>Adopt a Single Market Strategy that clearly reinstates the Single Market at the forefront of the EU’s integration project, green transition and innovation agenda. The Strategy should take a holistic approach to the full business and consumer journey as well as to harmonise regulations across all pillars of the Single Market.</p>
<p>#2 Strengthen SOLVIT by establishing a Single Market Ombudsman in every EU Member State and commit SOLVIT to act more proactively on structural cases and to raise awareness</p>	<p>Designate a Single Market Ombudsman (head of or in collaboration with SOLVIT) in each Member State as a national, independent body with access to effective remedies. A network of Single Market Ombudsmen is to be set up under the auspices of the European Commission to safeguard a uniform interpretation of the EU rules in the Member States.</p>
<p>#3 Conduct a data flow test of all existing and new EU regulations</p>	<p>Implement a data flow test that acknowledges the supremacy of the principle of data protection in the EU but limits the risk of creating unjustified burdens when applying data protection rules. This gives businesses a possibility to legally challenge data protection decisions that are perceived as disproportionate.</p>

Ensure compliance and simplify administrative procedures

EU directives can only achieve their intended effects if they are completely and correctly transposed into national legislation within the given deadline. Frictionless trade in the Single Market requires fewer, improved regulations as well as complete, correct and immediate transposition into national legislation. Removing barriers that exist due to the incomplete implementation of EU rules across all Member States is foreseen to permanently increase Belgium’s GDP per capita by 0.5%, and the increased production of goods and services can support 21,000 jobs per year.⁶

We propose that the Commission takes new initiatives to close the compliance gap of existing regulations and use the Better Regulation Toolbox (such as the SME test and think small first concept, the digital ready requirement and the “once only” concept in relations with public administration), to ensure that new EU regulations are designed in a way that is easy to implement and works for SMEs.

<p>#4 Upgrade the European Semester to include recommendations on how to harmonise implementation of EU regulation and close the compliance gap</p>	<p>Incentivise Member States to correctly apply and take political ownership for the correct application of EU rules by integrating recommendations on closing the compliance gap and harmonising implementation of EU regulation into the European Semester, governed by a mix of surveillance mechanisms and possible sanctions.</p>
<p>#5 Strengthen the use of the Better Regulation Toolbox by integrating implementation in the design of new regulations and consistently respecting impact assessment requirements</p>	<p>Put more weight on integrating implementation into the design of new regulation and avoid deviations from the requirement to make impact assessments. Impact assessments are critical for avoiding new regulations that are ill-conceived and for ensuring that new regulations achieve the policy objective, with recognition of unintended consequences and/or trade-offs.</p>

Remove regulatory trade barriers to create a green and circular Single Market

The Belgian National Energy and Climate Plan (NECP) has committed to achieving a 20% reduction in greenhouse gas emissions between by 2030 and a 50% reduction by 2050 (compared to the reference year 2012). In doing so, Belgium plans to reduce primary fossil fuel consumption by 40% by 2030, with 33% of final energy consumption coming from renewable energy sources. The additional investments for realising the energy and climate objectives are estimated to range between EUR 25-40 billion per year, a significant share of which will be dedicated to new renewable energy installations, such as wind energy.⁷ Barriers to trade in climate goods and services will make the green transition more costly for countries such as Belgium and risk slowing it down.

With this study, we offer a roadmap that outlines an iterative approach to mapping and removing regulatory barriers to trade in climate goods and services within the Single Market. In terms of specific initiatives, we bring forward the request from SMEs to design the digital European passport in a way that makes it easier for SMEs to become more circular and comply with new EU regulation.

<p>#6 Map and remove regulatory barriers to trade in climate goods and services within the Single Market</p>	<p>Map and remove regulatory barriers to trade in climate goods and services within the Single Market to accelerate decarbonisation by structuring market signals, incentivising innovation, and reducing the price of new technologies. Develop a roadmap for removing critical barriers and monitor its implementation.</p>
<p>#7 Design the digital European product passport in a way that makes the circular work of businesses easier</p>	<p>Introduce a well-designed Digital Product Passport based on stakeholder input, including SMEs. This will minimise the risk that administrative burdens and costs for businesses reduce the potential of the passport to support circularity and create a lack of cohesion within the Single Market.</p>

Use digital tools to reduce costs and create conditions for growth

In the experience of Belgian SMEs participating in the survey, the efficiency and effectiveness of EU legislation are often undermined by a high degree of complexity in its actual application. Belgian SMEs encourage the Commission to apply digital tools and solutions that lower the costs of collecting, updating and utilising information. A single VAT ID and an extended VAT one-stop-shop (OSS) can help companies, save time and money when it comes to VAT registration in other Member States.

Digital labelling, for example, can lower costs for an SME. Also, the Commission should ensure that the advancement of new EU directives (particularly in the ESG field) will not create new fragmentations in the coming years.

<p>#8 Create a one-stop-shop to Member States' extended producer responsibility (EPR) systems</p>	<p>Establish a truly harmonised approach to EPR; a centralised and up-to-date digital EPR one-stop-shop solution that would facilitate single EPR registration and reporting across all Member States at the product level.</p>
<p>#9 Create a single VAT ID and extend the VAT one-stop-shop</p>	<p>Simplify VAT procedures by creating a single VAT ID in the EU and expanding the existing VAT one-stop-shop concept to cover all goods transactions (including pan-EU inventory placement and onward sales).</p>
<p>#10 Recognise digital labelling as a true substitute for physical labelling</p>	<p>Bring EU labelling requirements to the digital era by providing manufacturers the option to choose whether to market their product digitally or physically – i.e., recognising digital labels as true substitutes for physical labels across product groups and Member States. Also, the Commission should ensure that physical labelling should only contain the minimum essential information.</p>
<p>#11 Create conditions for the development of easy, fast, reliable and low-cost cross-border payments for both euro and non-euro payments</p>	<p>Create a more competitive framework for cross-border payments to ensure that EU citizens have access to a diverse range of providers, all of whom operate within an open, competitive setting, including traditional financial providers such as banks, fintech providers and platform operators.</p>

Synthèse

Depuis sa création il y a plus de 30 ans, le Marché unique est un vecteur de compétitivité, de croissance et de prospérité pour l'économie belge. Par sa dimension économique, l'UE pèse politiquement dans les négociations mondiales et les accords bilatéraux. Face à un contexte international toujours plus conflictuel, incertain et complexe,⁸ et pour que le Marché unique reste le premier moteur de la compétitivité, de la prospérité et de la résilience au sein de l'UE, il est primordial de continuer à réduire les contraintes et de poursuivre l'intégration.⁹

Dans le présent rapport, **les PME belges appellent à l'action** en insistant sur la nécessité de poursuivre les efforts de simplification et de rationalisation des politiques de l'UE afin de libérer tout le potentiel du Marché unique. Ces PME constituent l'épine dorsale de l'économie belge : elles représentent 99,9 % de l'ensemble des entreprises, mais seulement 34 % du total des exportations belges. Ces chiffres montrent que l'exportation est une activité difficile qui mobilise d'importantes ressources financières et humaines. Néanmoins, 62 % des exportations totales des PME sont destinées au Marché unique¹⁰, et les résultats présentés dans cette étude confirment que le Marché unique est un tremplin permettant aux PME de s'internationaliser, de diversifier leurs exportations et de développer leurs activités afin d'être compétitives sur la scène mondiale.

Avec un ratio exportations/PIB de 95,7 % en 2022 (contre 56,3 % pour l'UE), la Belgique fait figure de champion du commerce, en grande partie grâce à la capacité de ses entreprises à opérer au niveau international.¹¹ Permettre aux potentielles PME exportatrices de décrocher leur première commande à l'étranger et aux PME exportatrices existantes de se développer sur d'autres marchés promet d'être extrêmement bénéfique pour l'économie belge.

Menée auprès de 363 PME exportatrices belges (voir l'Annexe 1 pour plus de détails sur la méthodologie de l'enquête, les entretiens et une analyse documentaire détaillée), l'enquête présente leur point de vue sur la manière dont un plan de redynamisation ambitieux du Marché unique peut les aider à se développer, à gagner en compétitivité et à contribuer à la résilience de l'économie belge. Les résultats de l'enquête révèlent que les PME belges voient dans le Marché unique des avantages importants et un potentiel considérable, certainement parce que la taille du marché intérieur est bien moindre que celle de certains grands États membres de l'UE.

L'enquête montre également que les **petites et grandes entreprises belges sont confrontées à de nombreux défis similaires** sur le Marché unique. La réduction des contraintes réglementaires identifiées dans le présent rapport permettra donc aux PME de mûrir et de prendre de l'ampleur au travers des activités transfrontalières effectuées dans le Marché unique, tout en améliorant la compétitivité des grandes entreprises qui font du commerce international.

Les entreprises belges appellent les décideurs politiques européens à :

- **Simplifier et rationaliser les politiques pour libérer les potentiels** | Les différentes exigences réglementaires au sein de l'Europe sont citées comme étant les obstacles les plus pénalisants pour les entreprises belges qui souhaitent développer leurs activités dans le Marché unique. 94 % des entreprises estiment que les contraintes réglementaires augmentent leurs coûts, 94 % déclarent que les différences de réglementation nuisent à leur compétitivité et 92 % enregistrent une baisse des bénéfices en raison des dépenses engagées pour se conformer aux réglementations européennes. Pour les entreprises belges, un allègement des formalités administratives et moins de paperasserie aurait plusieurs effets bénéfiques : augmenter les exportations intra-UE, faciliter l'approvisionnement au

sein du Marché unique et favoriser la passation de marchés publics transfrontaliers au sein du Marché unique. Tout cela se traduirait par une stimulation de la croissance et par la création d'emplois supplémentaires en Europe.

- **Mettre en œuvre 11 recommandations spécifiques pour redynamiser avec ambition le Marché unique** | L'enquête menée auprès des PME, l'analyse statistique et les études de cas présentées dans ce rapport confirment que les 11 initiatives politiques spécifiques et opérationnelles visant à renforcer le fonctionnement efficace du Marché unique, proposées par les PME suédoises et décrites dans le rapport « *Reboot of the Single Market - How to support growth of SMEs through a strong and united Single Market* » (Redynamiser le Marché unique - Comment soutenir la croissance des PME grâce à un Marché unique solide et uni) aideraient également les PME belges à se développer grâce au Marché unique.

Les 11 recommandations sont détaillées ci-dessous.

Définir une vision audacieuse et ambitieuse pour le Marché unique

L'intégration du Marché unique entre 1995 et 2015 a permis d'augmenter de façon permanente le PIB par habitant de la Belgique de 2,5 %, de créer 113 000 emplois et d'augmenter le pouvoir d'achat des citoyens de 1 160 euros.¹² Pour créer ce Marché unique, les membres ont dû harmoniser la législation et établir des normes communes afin de veiller à ce que les entreprises nationales et étrangères soient soumises aux mêmes exigences, de manière à favoriser une concurrence loyale et équitable dans le cadre des activités transfrontalières au sein du Marché unique. Et afin de garantir les quatre libertés du Marché unique, les réglementations de l'UE font l'objet de révisions et de mises à jour régulières en fonction des évolutions technologiques, de la situation économique et géopolitique mondiale et des principaux enjeux sociétaux.

Pour replacer le Marché unique au centre de l'agenda politique de l'UE, nous proposons l'adoption d'une stratégie ambitieuse garantissant que la diversité réglementaire ne freine pas inutilement le commerce et n'augmente pas les coûts supportés par les PME. Cette proposition est étayée par les résultats de l'enquête, dans laquelle les PME classent les différences réglementaires entre États membres comme l'un des obstacles majeurs à l'exercice de leurs activités dans le Marché unique.

Nous appelons également la Commission à prendre des mesures spécifiques pour s'assurer que les réglementations européennes existantes ne fassent pas peser de charges inutiles sur les PME en renforçant le réseau SOLVIT et en incitant les centres nationaux SOLVIT à agir de manière proactive sur les dossiers structurels. Un autre moyen de réduire les charges consiste à réaliser un test de flux de données sur les différentes réglementations européennes concernées pour donner aux entreprises la possibilité de contester les décisions en matière de protection des données qui sont perçues comme disproportionnées.

<p>#1 Adopter une stratégie ambitieuse pour le Marché unique</p>	<p>Adopter une stratégie qui replace clairement le Marché unique au premier plan du projet d'intégration de l'UE, de la transition écologique et du programme en matière d'innovation. Cette stratégie doit suivre une approche holistique sur l'ensemble du parcours des entreprises et des consommateurs et harmoniser la réglementation dans tous les secteurs du Marché unique.</p>
<p>#2 Renforcer le réseau SOLVIT en désignant un médiateur du Marché unique dans chaque État membre de l'UE et faire en sorte que SOLVIT agisse de manière plus proactive sur les dossiers structurels et suscite une prise de conscience</p>	<p>Désigner un médiateur du Marché unique (à la tête de SOLVIT ou en collaboration avec SOLVIT) dans chaque État membre en tant qu'organe national indépendant ayant accès à des voies de recours efficaces. Un réseau de médiateurs du Marché unique doit être mis en place sous l'égide de la Commission européenne afin de garantir une interprétation uniforme des règles de l'UE dans les États membres.</p>
<p>#3 Réaliser un test de flux de données sur toutes les réglementations européennes existantes et nouvelles</p>	<p>Réaliser un test de flux de données qui reconnaît la suprématie du principe de protection des données dans l'UE, mais qui limite le risque de créer des charges injustifiées lors de l'application des règles de protection des données. Les entreprises ont ainsi la possibilité de contester légalement les décisions en matière de protection des données qui sont perçues comme disproportionnées.</p>

Garantir la conformité et simplifier les procédures administratives

Les directives européennes ne peuvent produire les effets escomptés que si elles sont transposées intégralement et correctement dans la législation nationale dans le délai imparti. Un commerce fluide dans le Marché unique exige des réglementations moins nombreuses et affinées ainsi qu'une transposition complète, correcte et immédiate dans la législation nationale des lois européennes. L'effet de la suppression des obstacles liés à la mise en œuvre incomplète des règles de l'UE dans tous les États membres est estimé à une augmentation continue du PIB belge par habitant de 0,5 %, et l'augmentation de la production de biens et de services pourrait favoriser la création de 21 000 emplois par an.¹³

Nous proposons que la Commission prenne de nouvelles initiatives pour combler l'écart de conformité des réglementations existantes et utilise la boîte à outils pour une meilleure réglementation (comme le test des PME et le concept « priorité aux PME », l'exigence de « maturité numérique » et le concept de non-réurrence dans les relations avec l'administration publique), pour s'assurer que les nouvelles réglementations de l'UE sont conçues de manière à être faciles à mettre en œuvre et à fonctionner avec les PME.

<p>#4 Renforcer le Semestre européen et y inclure des recommandations sur la manière d'harmoniser la mise en œuvre des réglementations de l'UE et de combler l'écart en matière de conformité</p>	<p>Inciter les États membres à appliquer correctement les règles de l'UE et à en assumer la responsabilité politique en intégrant les recommandations visant à combler l'écart de conformité et à harmoniser la mise en œuvre de la réglementation de l'UE dans le cadre du Semestre européen, régi par une combinaison de mécanismes de surveillance et de sanctions éventuelles.</p>
<p>#5 Renforcer l'utilisation de la boîte à outils pour une meilleure réglementation en intégrant la mise en œuvre dans la conception des nouveaux règlements et en respectant systématiquement les exigences en matière d'analyse d'impact</p>	<p>Mettre davantage l'accent sur l'intégration de la mise en œuvre dans la conception de la nouvelle réglementation et éviter les écarts par rapport à l'obligation de réaliser des analyses d'impact. Les analyses d'impact sont essentielles pour éviter que de nouvelles réglementations soient mal conçues et pour garantir que les nouvelles réglementations atteignent l'objectif politique, tout en reconnaissant les conséquences inattendues et/ou les compromis.</p>

Supprimer les entraves réglementaires aux échanges pour créer un Marché unique vert et circulaire

Le plan national intégré énergie-climat (PNEC) de la Belgique s'est engagé à réduire les émissions de gaz à effet de serre de 20 % d'ici à 2030 et de 50 % d'ici à 2050 (2012 étant l'année de référence). Ce faisant, la Belgique prévoit de réduire sa consommation de combustibles fossiles primaires de 40 % d'ici à 2030 et de faire en sorte que 33 % de la consommation énergétique finale provienne de sources renouvelables. Les investissements supplémentaires nécessaires à la réalisation des objectifs en matière d'énergie et de climat sont estimés entre 25 et 40 milliards d'euros par an, dont une part importante sera consacrée à de nouvelles installations de production d'énergie renouvelable, comme des projets éoliens.¹⁴ Les obstacles au commerce des biens et services climatiques rendent la transition écologique plus coûteuse pour des pays comme la Belgique et risquent de la ralentir.

Avec cette étude, nous proposons une feuille de route qui décrit une approche itérative permettant de cartographier et de supprimer les obstacles réglementaires au commerce des biens et services climatiques au sein du Marché unique. En termes d'initiatives spécifiques, nous présentons la demande des PME consistant à concevoir le passeport numérique européen de manière à ce qu'il soit plus facile pour les PME de participer à l'économie circulaire et de se conformer à la nouvelle réglementation de l'UE.

#6	Cartographier et supprimer les obstacles réglementaires au commerce des biens et services climatiques au sein du Marché unique	Cartographier et supprimer les obstacles réglementaires au commerce des biens et services climatiques au sein du Marché unique afin d'accélérer la décarbonation en structurant les signaux du marché, en encourageant l'innovation et en réduisant le prix des nouvelles technologies. Élaborer une feuille de route pour éliminer les principales entraves et surveiller sa mise en œuvre.
#7	Concevoir le passeport européen numérique des produits de manière à faciliter les activités circulaires des entreprises	Introduire un passeport numérique des produits bien conçu s'inspirant des commentaires des parties prenantes, y compris les PME. Cela permettra de minimiser le risque que les charges et les coûts administratifs supportés par les entreprises réduisent leur capacité à développer leurs activités de manière circulaire et créent un manque de cohésion au sein du Marché unique.

Utiliser les outils numériques pour réduire les coûts et créer des conditions favorables à la croissance

D'après l'expérience des PME belges ayant participé à l'enquête, l'efficacité et l'efficience de la législation européenne sont souvent compromises par un degré élevé de complexité dans son application réelle. Les PME belges encouragent la Commission à avoir recours à des outils et des solutions numériques qui réduisent les coûts de collecte, de mise à jour et d'utilisation de l'information. Un seul numéro de TVA et un guichet unique pour la TVA peuvent aider les entreprises à gagner du temps et de l'argent lorsqu'elles doivent procéder à leur immatriculation dans d'autres États membres.

L'étiquetage numérique, par exemple, peut réduire les coûts d'une PME. En outre, il convient que la Commission veille à ce que l'élaboration de nouvelles directives européennes (en particulier dans le domaine ESG) ne crée pas de nouvelles fragmentations dans les années à venir.

#8	Créer un guichet unique pour les systèmes de responsabilité élargie du producteur (REP) des États membres	Adopter une approche véritablement harmonisée de la REP, une solution centralisée et actualisée de guichet unique numérique pour la REP qui faciliterait l'immatriculation et la déclaration uniques de la REP dans tous les États membres au niveau du produit.
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<p>#9 Créer un numéro de TVA unique et développer le guichet unique pour la TVA</p>	<p>Simplifier les procédures de TVA en créant un numéro d'identification unique au sein de l'UE et en développant le concept actuel de guichet unique pour la TVA afin de couvrir toutes les transactions de biens (y compris le placement des stocks et les ventes dans toute l'UE).</p>
<p>#10 Reconnaître l'étiquetage numérique comme un véritable substitut à l'étiquetage physique</p>	<p>S'adapter à l'ère du numérique en donnant aux fabricants la possibilité de choisir de commercialiser leur produit sous forme numérique ou physique, c'est-à-dire reconnaître les étiquettes numériques comme de véritables substituts aux étiquettes physiques dans tous les groupes de produits et dans tous les États membres. La Commission devrait également faire en sorte que l'étiquetage physique ne contienne que le minimum d'informations essentielles.</p>
<p>#11 Créer les conditions nécessaires au développement de modes de paiement transfrontaliers simples, rapides, fiables et peu coûteux, tant pour les paiements en euros que pour ceux dans d'autres devises</p>	<p>Créer un cadre plus concurrentiel pour les paiements transfrontaliers afin de garantir que les citoyens de l'UE ont accès à un large panel de fournisseurs, qui opèrent tous dans un cadre ouvert et concurrentiel, y compris les prestataires financiers traditionnels, tels que les banques, les prestataires fintech et les opérateurs de plateforme.</p>

Samenvatting

Sinds de oprichting ervan meer dan 30 jaar geleden is de interne markt de motor van het concurrentievermogen, de groei en de welvaart van de Belgische economie. Door haar economische omvang heeft de EU politiek gewicht in de schaal kunnen leggen bij mondiale onderhandelingen en bilaterale afspraken. In een wereld die meer conflictueus, onstabiel en complex is, ¹⁵zijn een verdere vermindering van de belemmeringen en verdere integratie essentieel voor de interne markt om de belangrijkste motor van het concurrentievermogen, de welvaart en de veerkracht van de EU blijven in de toekomst. ¹⁶

Dit verslag stelt de **oproep tot actie van Belgische kmo's** aan de orde, die wijzen op de noodzaak van voortdurende inspanningen om het EU-beleid te vereenvoudigen en te stroomlijnen om het potentieel van de interne markt volledig te ontsluiten. Deze kmo's vormen de ruggengraat van de Belgische economie en vertegenwoordigen 99,9% van alle bedrijven, maar slechts 34% van de totale Belgische export. Uit deze cijfers blijkt dat exporteren een moeilijke activiteit is die aanzienlijke financiële en personele middelen vereist. Toch is 62% van de totale export van kmo's bestemd voor de interne markt¹⁷, en de resultaten van deze studie bevestigen dat de interne markt voor kmo's een platform is om te internationaliseren, de export te diversifiëren en spieren te kweken om wereldwijd te kunnen concurreren.

Met een export/bbp-ratio van 95,7% in 2022 (vergeleken met 56,3% voor de EU) is België een handelskampioen, grotendeels dankzij het vermogen van zijn bedrijven om internationaal handel te drijven.¹⁸ De Belgische economie zal er veel baat bij hebben als potentiële kmo-exporteurs hun eerste exportorder in het buitenland kunnen binnenhalen en als bestaande kmo-exporteurs naar meer markten kunnen uitbreiden.

Op basis van een enquête bij 363 exportgerichte Belgische bedrijven (zie bijlage 1 voor meer details over de onderzoeksmethodologie, interviews en een gedetailleerde literatuurstudie) geeft dit verslag een Belgisch perspectief op hoe een ambitieuze herstart van de interne markt deze bedrijven kan helpen om te groeien, meer concurrerend te worden en bij te dragen tot de veerkracht van de Belgische economie. De resultaten van de enquête geven aan dat Belgische kmo's zowel grote voordelen als grote mogelijkheden zien in de interne markt, wat waarschijnlijk een weerspiegeling is van de kleine thuismarkt in vergelijking met sommige van de grotere EU-lidstaten.

Uit de enquête blijkt ook dat **kleine en grotere Belgische bedrijven voor veel dezelfde uitdagingen staan** wanneer ze zaken doen op de interne markt. Het wegnemen van de belemmeringen in de regelgeving die in dit verslag worden genoemd, zal kmo's dus in staat stellen zich te ontwikkelen en schaal te winnen door middel van grensoverschrijdende activiteiten in de interne markt, en tegelijkertijd het concurrentievermogen verbeteren van grotere bedrijven die internationaal handel drijven.

De Belgische bedrijven roepen de Europese beleidsmakers op om:

- **het beleid te vereenvoudigen en te stroomlijnen om het potentieel te ontsluiten** | Uiteenlopende regelgevende vereisten worden aangehaald als de belangrijkste belemmeringen voor Belgische bedrijven om meer zaken te doen op de interne markt. 94% van de bedrijven zegt dat belemmeringen in de regelgeving hun kosten verhogen, 94% zegt dat verschillen in de regelgeving hun concurrentievermogen aantasten en 92% ervaart lagere winsten als gevolg van de kosten om aan de EU-regelgeving te voldoen. De Belgische bedrijven bevestigen dat het trekken van een rode lijn tegen bureaucratie de export binnen de EU zal doen toenemen, het gemakkelijker zal maken om binnen de interne markt te kopen en het gemakkelijker zal maken om deel te nemen aan

grensoverschrijdende overheidsopdrachten binnen de interne markt. Dit zal de groei en werkgelegenheid in Europa stimuleren.

- **11 specifieke aanbevelingen te implementeren voor een ambitieuze herstart van de interne markt** | De kmo-enquête, de statistische analyse en de business cases in dit verslag bevestigen dat de 11 specifieke en impactvolle beleidsinitiatieven om de effectieve werking van de interne markt te versterken, zoals voorgesteld door de Zweedse kmo's en beschreven in het verslag *Reboot of the Single Market - How to support the growth of SMEs through a strong and united Single Market (Herstart van de interne markt - Hoe de groei van kmo's ondersteunen met een sterke en eengemaakte interne markt)*, ook de Belgische kmo's en grotere bedrijven zullen helpen om meer zaken te doen via de interne markt.

De 11 aanbevelingen worden hieronder beschreven.

Een gedurfde en ambitieuze visie voor de interne markt vaststellen

De integratie van de interne markt tussen 1995 en 2015 heeft het Belgische bbp per hoofd van de bevolking permanent doen stijgen met 2,5%, 113.000 banen gecreëerd en de koopkracht van de burgers met 1.160 euro doen toenemen.¹⁹ Om een interne markt tot stand te brengen, moesten de leden hun wetgeving harmoniseren en gemeenschappelijke normen vastleggen om ervoor te zorgen dat binnenlandse en buitenlandse bedrijven aan dezelfde eisen moeten voldoen, zodat eerlijke concurrentie en een gelijk speelveld worden bevorderd bij het grensoverschrijdend zakendoen op de interne markt. Om de vier vrijheden van de interne markt veilig te stellen, moet de EU-regelgeving voortdurend worden herzien en bijgewerkt om gelijke tred te houden met technologische ontwikkelingen, mondiale omstandigheden en belangrijke maatschappelijke uitdagingen.

Om de interne markt weer centraal te plaatsen op de beleidsagenda van de EU, stellen wij voor om een ambitieuze strategie voor de interne markt goed te keuren om ervoor te zorgen dat de versnippering van de regelgeving de handel niet onnodig beperkt en de kosten voor kmo's niet opdrijft. Dit voorstel wordt ondersteund door de resultaten van de enquête, waarin kmo's verschillen in regelgeving tussen de lidstaten als een van de belangrijkste belemmeringen voor zakendoen op de interne markt aanmerken.

We dringen er bij de Commissie ook op aan om specifieke stappen te ondernemen om ervoor te zorgen dat de bestaande EU-verordeningen geen onnodige lasten voor kmo's met zich meebrengen door SOLVIT te versterken en de nationale SOLVIT-centra proactief te laten optreden in structurele gevallen. Een andere manier om de lasten te verminderen is het invoeren van een gegevensstroomtest die bedrijven de mogelijkheid zou geven om besluiten over gegevensbescherming aan te vechten die als onevenredig worden ervaren.

<p>#1 Een ambitieuze strategie voor de interne markt aannemen</p>	<p>Een strategie voor de interne markt goedkeuren die de interne markt weer een prominente plaats geeft in het integratieproject, de groene transitie en de innovatieagenda van de EU. De strategie moet uitgaan van een holistische benadering van het volledige traject dat bedrijven en consumenten afleggen en moet de regelgeving harmoniseren voor alle pijlers van de interne markt.</p>
<p>#2 SOLVIT versterken door in elke EU-lidstaat een ombudsman voor de interne markt aan te stellen en SOLVIT ertoe verbinden om meer proactief op te treden in structurele zaken en de bewustwording te vergroten</p>	<p>In elke lidstaat een ombudsman voor de interne markt aanwijzen (hoofd van of in samenwerking met SOLVIT) als nationaal, onafhankelijk orgaan met toegang tot effectieve rechtsmiddelen. Onder auspiciën van de Europese Commissie wordt een netwerk van ombudsmannen voor de interne markt opgezet om een uniforme interpretatie van de EU-regels in de lidstaten te waarborgen.</p>

<p>#3 Een gegevensstroomtest uitvoeren van alle bestaande en nieuwe EU-regelgeving</p>	<p>Een gegevensstroomtest implementeren die de suprematie van het beginsel van gegevensbescherming in de EU erkent, maar het risico op het creëren van ongerechtvaardigde lasten bij het toepassen van regels voor gegevensbescherming beperkt. Dit geeft bedrijven de mogelijkheid om beslissingen inzake gegevensbescherming die als disproportioneel worden gezien juridisch aan te vechten.</p>
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Naleving garanderen en administratieve procedures vereenvoudigen

EU-richtlijnen kunnen alleen het beoogde effect bereiken als ze binnen de gestelde termijn volledig en correct worden omgezet in nationale wetgeving. Een onbelemmerde handel op de interne markt vereist minder, betere regelgeving en een volledige, correcte en onmiddellijke omzetting in nationale wetgeving. Het wegwerken van de belemmeringen die het gevolg zijn van de onvolledige implementatie van de EU-regels in alle lidstaten zal naar verwachting het Belgische bbp per hoofd van de bevolking permanent doen stijgen met 0,5%, en de toegenomen productie van goederen en diensten kan 21.000 banen per jaar ondersteunen.²⁰

We stellen voor dat de Commissie nieuwe initiatieven neemt om de nalevingskloof voor bestaande regelgeving te dichten en gebruikmaakt van de toolbox voor betere regelgeving (zoals de kmo-toets en het 'denk eerst klein'-concept, de 'klaar voor digitaal'-eis en het 'eenmaligheid'-concept in relaties met de overheid), om ervoor te zorgen dat nieuwe EU-regelgeving op een manier wordt ontworpen die gemakkelijk uit te voeren is en werkt voor kmo's.

<p>#4 Het Europees semester opwaarderen met aanbevelingen voor het harmoniseren van de uitvoering van EU-regelgeving en het dichten van de nalevingskloof</p>	<p>De lidstaten stimuleren om de EU-regels correct toe te passen en politieke verantwoordelijkheid te nemen voor de correcte toepassing ervan door aanbevelingen over het dichten van de nalevingskloof en het harmoniseren van de uitvoering van de EU-regelgeving op te nemen in het Europees semester, met een mix van toezichtmechanismen en mogelijke sancties.</p>
<p>#5 Het gebruik van de toolbox voor betere regelgeving versterken door de uitvoering te integreren in het ontwerp van nieuwe regelgeving en consequent de vereisten van effectbeoordelingen na te leven</p>	<p>Meer belang hechten aan de integratie van implementatie in het ontwerp van nieuwe regelgeving en afwijkingen van de vereiste om effectbeoordelingen te maken, vermijden. Effectbeoordelingen zijn van cruciaal belang om te voorkomen dat nieuwe regelgeving slecht doordacht is en om ervoor te zorgen dat nieuwe regelgeving het beleidsdoel bereikt, met erkenning van onbedoelde gevolgen en/of compromissen.</p>

Handelsbelemmeringen in de regelgeving wegnemen om een groene en circulaire interne markt te creëren

Het Belgische Nationale Energie- en Klimaatplan (NEKP) heeft zich ertoe verbonden om de uitstoot van broeikasgassen tegen 2030 met 20% te verminderen en tegen 2050 met 50% (ten opzichte van het referentiejaar 2012). België is van plan om zo het verbruik van primaire fossiele brandstoffen tegen 2030 met 40% te verminderen en 33% van het eindverbruik van energie te halen uit hernieuwbare energiebronnen. De extra investeringen voor het realiseren van de energie- en klimaatdoelstellingen worden geschat op 25-40 miljard euro per jaar, waarvan een aanzienlijk deel zal gaan naar nieuwe installaties voor hernieuwbare energie, zoals windenergie.²¹ Handelsbelemmeringen voor klimaatgoederen en -diensten zullen de groene transitie duurder maken voor landen als België en dreigen deze te vertragen.

Met deze studie bieden we een routekaart die een iteratieve aanpak schetst voor het in kaart brengen en wegnemen van belemmeringen in de regelgeving voor de handel in klimaatgoederen en -diensten binnen de interne markt. Wat specifieke initiatieven betreft,

brengen we het verzoek van kmo's naar voren om het digitale Europese paspoort zo op te stellen dat kmo's gemakkelijker circulair kunnen worden en aan nieuwe EU-regelgeving kunnen voldoen.

<p>#6 Regelgevingsbarrières voor de handel in klimaatgoederen en -diensten binnen de interne markt in kaart brengen en wegnemen</p>	<p>Belemmeringen in de regelgeving voor de handel in klimaatgoederen en -diensten binnen de interne markt in kaart brengen en wegnemen om het koolstofarm maken van de economie te versnellen door markt signalen te structureren, innovatie te stimuleren en de prijs van nieuwe technologieën te verlagen. Een routekaart ontwikkelen om kritieke barrières weg te nemen en de uitvoering ervan controleren.</p>
<p>#7 Het digitale Europese productpaspoort ontwerpen op een manier die het circulaire werk van bedrijven gemakkelijker maakt</p>	<p>Een goed ontworpen digitaal productpaspoort invoeren op basis van input van de belanghebbenden, waaronder de kmo's. Dit zal het risico minimaliseren dat administratieve lasten en kosten voor bedrijven het potentieel van het paspoort om circulariteit te ondersteunen, verminderen en een gebrek aan cohesie binnen de interne markt creëren.</p>




Digitale tools gebruiken om kosten te verlagen en voorwaarden voor groei te creëren

De ervaring van de Belgische kmo's die deelnamen aan de enquête is dat de efficiëntie en doeltreffendheid van de EU-wetgeving vaak worden ondermijnd door een hoge mate van complexiteit bij de feitelijke toepassing ervan. De Belgische kmo's moedigen de Commissie aan om digitale hulpmiddelen en oplossingen toe te passen die de kosten voor het verzamelen, bijwerken en gebruiken van informatie verlagen. Met één enkele btw-identificatie en een uitgebreid één-loketsysteem voor de btw kunnen bedrijven tijd en geld besparen bij btw-registratie in andere lidstaten.

Digitale etikettering kan bijvoorbeeld de kosten voor een kmo verlagen. De Commissie moet er ook voor zorgen dat de bevordering van nieuwe EU-richtlijnen (met name op het gebied van ESG) de komende jaren niet tot nieuwe versnipperingen leiden.

<p>#8 Een één-loketoplossing creëren voor de systemen voor uitgebreide producentenverantwoordelijkheid (EPR) van de lidstaten</p>	<p>Een echt geharmoniseerde benadering van EPR tot stand brengen; een gecentraliseerde en bijgewerkte één-loketoplossing voor EPR die één enkele EPR-registratie en -rapportage in alle lidstaten op productniveau zou vergemakkelijken.</p>
<p>#9 Eén enkele btw-identificatie creëren en het één-loketsysteem voor de btw uitbreiden</p>	<p>De btw-procedures vereenvoudigen door één btw-identificatienummer in de EU te creëren en het bestaande één-loketsysteem voor de btw uit te breiden tot alle goederentransacties (waaronder pan-Europese inventarisplaatsing en doorverkoop).</p>
<p>#10 Digitale etikettering erkennen als een echte vervanging voor fysieke etikettering</p>	<p>De EU-etiketteringsvereisten aanpassen aan het digitale tijdperk door fabrikanten de keuze te geven om hun product digitaal of fysiek op de markt te brengen, d.w.z. digitale etiketten erkennen als een echte vervanging voor fysieke etiketten in alle productgroepen en lidstaten. De Commissie moet er ook voor zorgen dat fysieke etikettering alleen de minimale essentiële informatie bevat.</p>
<p>#11 De voorwaarden creëren voor de ontwikkeling van gemakkelijke, snelle, betrouwbare en goedkope grensoverschrijdende betalingen voor zowel euro- als niet-eurobetalingen</p>	<p>Een meer concurrerend kader voor grensoverschrijdende betalingen creëren om ervoor te zorgen dat EU-burgers toegang hebben tot een breed scala aan aanbieders, die allemaal opereren binnen een open, concurrerende omgeving, waaronder traditionele financiële aanbieders zoals banken, fintech-aanbieders en platformexploitanten.</p>

1 Peace and prosperity from the Single Market

BACKGROUND	KEY FACTS AND FIGURES
<p>In 1993 the Single Market was created to increase economic prosperity and peace in the EU by fostering the free flow of goods, services, capital and people among its members. Belgium was one of the initial 12 members of the Single Market.</p> <p>The establishment of the Single Market created a need to harmonise legislation and establish common standards to ensure that domestic and foreign firms meet the same regulatory requirements, fostering fair competition and a level playing field when doing business in the Single Market.</p> <p>The size of the Single Market makes the EU an attractive partner for negotiating trade agreements and gives its members leverage to push for a more sustainable future in global policy dialogues.</p>	<p> The Single Market integration from 1995 to 2015 permanently increased Belgian GDP per capita by 2.5%, created 113,000 jobs and increased the citizen's purchasing power by EUR 1,060.</p> <p> Standardisation and regulatory harmonisation benefit SMEs in particular, and 62% of Belgian SMEs' total exports are destined for the Single Market.</p> <p> The focus in this report is on the Single Market but it is highly important that the EU continues to leverage the Single Market in the external dimension as well, particularly to negotiate more EU trade agreements.</p>

1.1 The Single Market opens up Europe to businesses and citizens

The Single Market is designed to enable goods, services, capital and people to move freely across countries by removing border regulation, custom duties and tariffs. It consists of the 27 EU Member States and the four EFTA Member States (Iceland, Liechtenstein, Norway and, to a certain extent, Switzerland). The Single Market is the world's largest trader in both goods and services²², and its significance will grow if the ambitions of the European Political Community to accept new members to the EU are realised.²³

Access to the Single Market allows Belgian firms to specialise and export goods and services in which they have a comparative advantage. Also, Belgian consumers benefit from having access to a variety of goods and services imported at lower prices. The Single Market integration from 1995 up until 2015 has permanently increased Belgium's GDP per capita by 2.5%. Similarly, the Single Market integration has permanently created 113,000 jobs and increased an average citizen's purchasing power by EUR 1,060, see Figure 1.²⁴

If the continued integration since 2015 is also considered, the economic benefits are likely to be even larger. Today, almost every second job in Belgium depends on trade²⁵, and 23% of all jobs depend on trade within the Single Market.²⁶

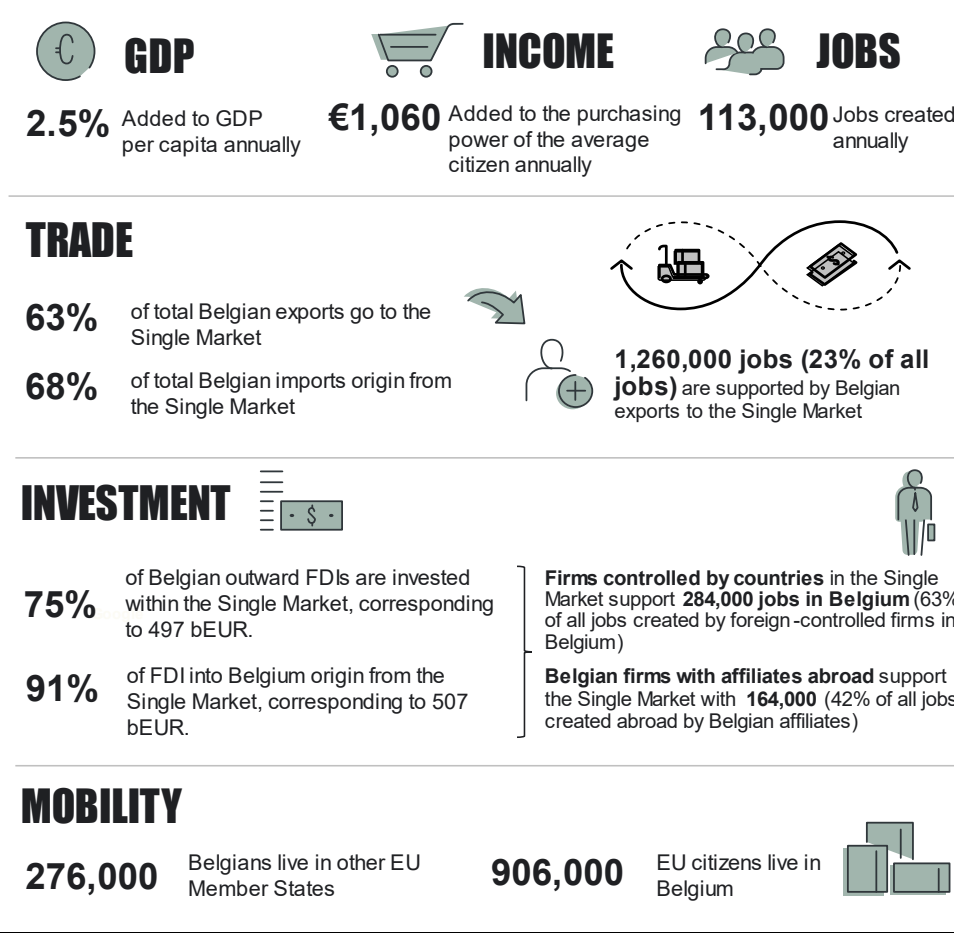
Today, more than 63% of Belgium's total exports go through the Single Market, and 68% of Belgium's total imports originate from the Single Market, underlining the Single Market's importance for many Belgian consumers and firms – especially SMEs – where internationalisation is concerned.²⁷

The free movement of capital has benefitted the Belgian economy overall. Today, 91% of foreign direct investments (FDI) in Belgium originate from members of the Single Market, corresponding to a total stock of inward FDI of EUR 507 billion. Likewise, 75% of all Belgian outward FDIs are invested in members of the Single Market, considering that the

large Belgian investments into the UK no longer count as intra-EU FDI after Brexit.²⁸ Similarly, the free movement of people has made it easier to live abroad, and 276,000 Belgians currently live in other EU countries, while 900,000 EU citizens live in Belgium.²⁹

Figure 1: Belgian workers and consumers benefit from the Single Market³⁰

Single Market integration since 1990, following the adoption of the Single Market European Act, boosted GDP, income and jobs in 2015 significantly relative to what it would have been without further integration.



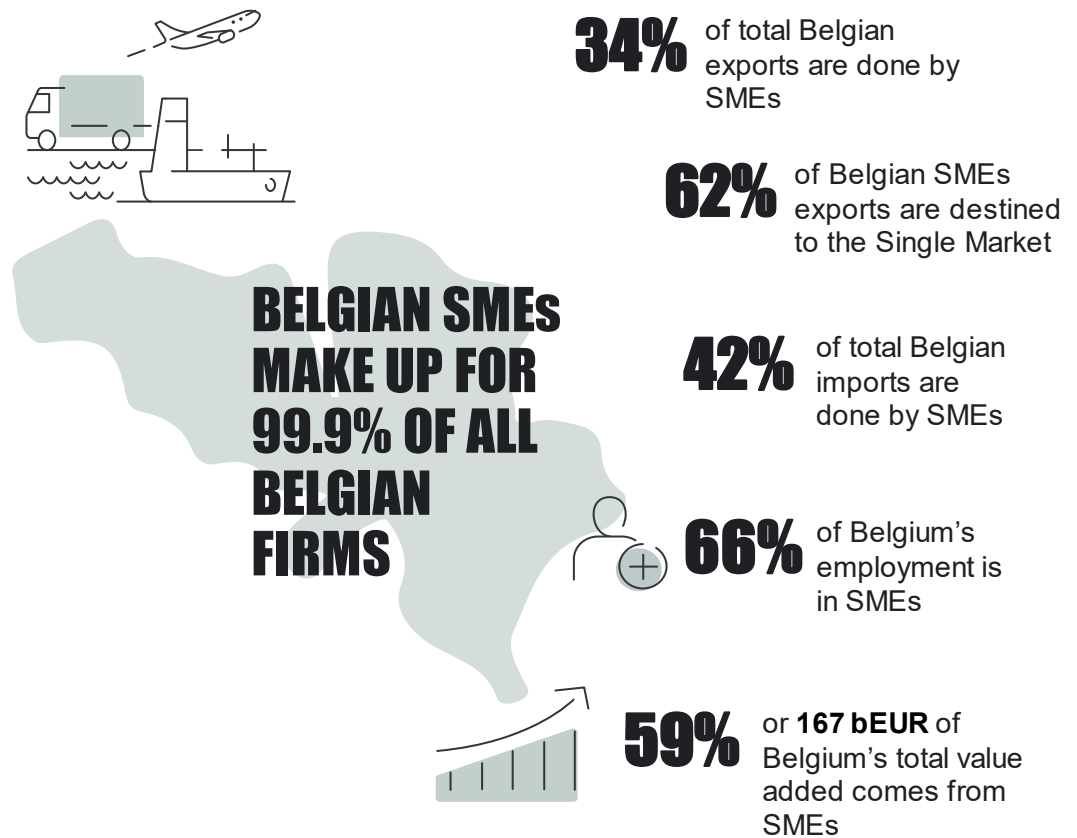
1.2 The Single Market is a platform for SMEs to scale up

SMEs form the backbone of the Belgian economy, accounting for almost 100%³¹ of all firms and 59% of the country's GDP. These SMEs account for 66% of Belgium's private sector employment³² and are key drivers of innovation, as they bring innovative solutions to global challenges like climate change.³³

SMEs generally have fewer resources and capital available compared to larger enterprises, and regulatory burdens and administrative requirements are disproportionately difficult for them to endure. The costs associated with fragmented regulation and excessive administration are typically independent of the size of the cross-border activity, and SMEs tend to use a larger share of their resources to manage trade barriers.^{34,35}

Standardisation and regulatory harmonisation are therefore particularly beneficial for SMEs that strive to scale up and enter new markets, access European value chains and strengthen their international competitiveness.³⁶ According to 2022 Eurostat data, SMEs account for 34% of total Belgian exports, and 62% of the SMEs' total exports are destined for the Single Market.³⁷

Figure 2: Belgian SMEs gain from access to the Single Market



Note: SMEs are defined as enterprises with less than 250 employees.

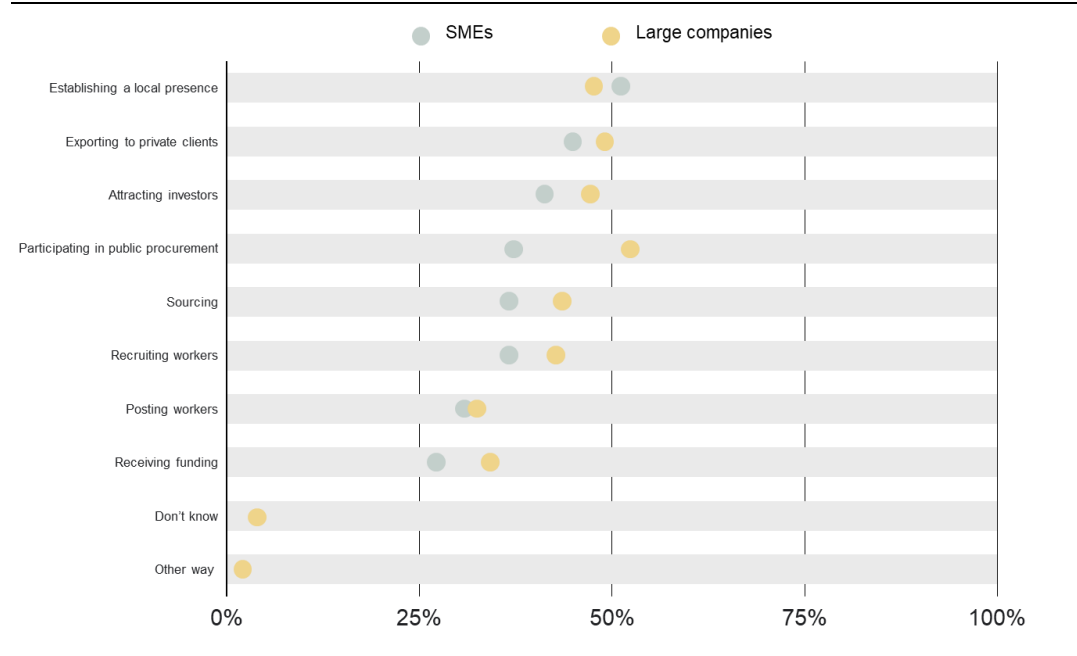
Among the SMEs that participated in the survey, 99% state that they have benefitted from having access to the Single Market. 17% of the SMEs say that they benefit greatly from the Single Market, while 82% assess that they benefit to some (69%) or a lesser extent (13%), see Figure 11 in Appendix 1. Similarly, 93% of the larger companies that participated in the survey state that they have benefitted from the Single Market and 35% even say that they have benefitted greatly, see Figure 12 in Appendix 1.

The SMEs in the survey mainly establish a local presence (51%) or export to private businesses as well as individuals (45%) in the Single Market, see Figure 3. Other activities include attracting investors (41%) and source from other firms in the Single Market (41%). The same preferred ways of conveying business can be seen for larger companies.

This report aims to demonstrate how the European policy makers and the next Commission can continue to simplify, harmonise and standardise EU regulations to the benefit of innovative European SMEs, enabling them to scale up and become globally competitive. The 11 recommendations in the remaining chapters are specific examples of

initiatives called for by Belgian SMEs. The recommendations that can help SMEs grow within the Single Market is also expected to benefit the larger companies.

Figure 3: Belgian SMEs and large companies' gain from access to the Single Market



Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'In which way does your company convey business in the Single Market?', SMEs=231, larger companies=104. Shares summarise to more than 100% as respondents can choose multiple answers.

1.3 The Single Market secures leverage and a global voice

The Single Market has not only stimulated prosperity for Belgium by facilitating more trade between its member countries. The size of the Single Market makes the EU an attractive partner for negotiating trade agreements and gives its members leverage so they can push for a more sustainable future. Some examples are:



Manoeuvring through global health crises | Centralising the procurement of vaccines at the EU level gave Member States better bargaining power and access to vaccines on a larger scale, in the required time, with good delivery conditions and a diversified pool of suppliers.^{38,39} In total, the EU secured up to 4.2 billion doses of vaccines for EU citizens.⁴⁰



Giving economic power to EU sanctions | Sanctions are an essential tool of the EU's common foreign and security policy. The unifying rationale of most sanctions regimes is the attempt to alter, by economic pressure, the strategic choices of state and non-state actors. The size of the Single Market provides leverage in terms of the economic pressure imposed by EU sanctions, such as those on Russia.⁴¹



Securing market access and diversifying trade | The size of the Single Market makes the EU an attractive partner for business, and individual EU Member States would not have been able to make as many trade agreements on their own with as favourable conditions.⁴² Belgian firms have access to 45 trade agreements with 78 countries, including the EFTA

countries,^{43,44} and no trading partner has more trade agreements than the EU.⁴⁵ These agreements have improved access to and lowered the prices of raw materials and intermediate inputs while also providing preferential access to key export markets.



Setting global standards | The harmonisation of regulatory requirements and specifications of goods or services crossing borders within the Single Market have paved the way for a series of European standards. In a globalised world, shaping or ultimately setting the standards can provide a powerful first-mover advantage by minimising the adjustment costs for EU firms, which are then able to operate in export markets based on their home market rules.⁴⁶ Several European standards have been adopted at an international level, and modern EU trade agreements serve to boost the global adoption of EU standards to secure a level playing field between European firms and their third-country competitors.⁴⁷

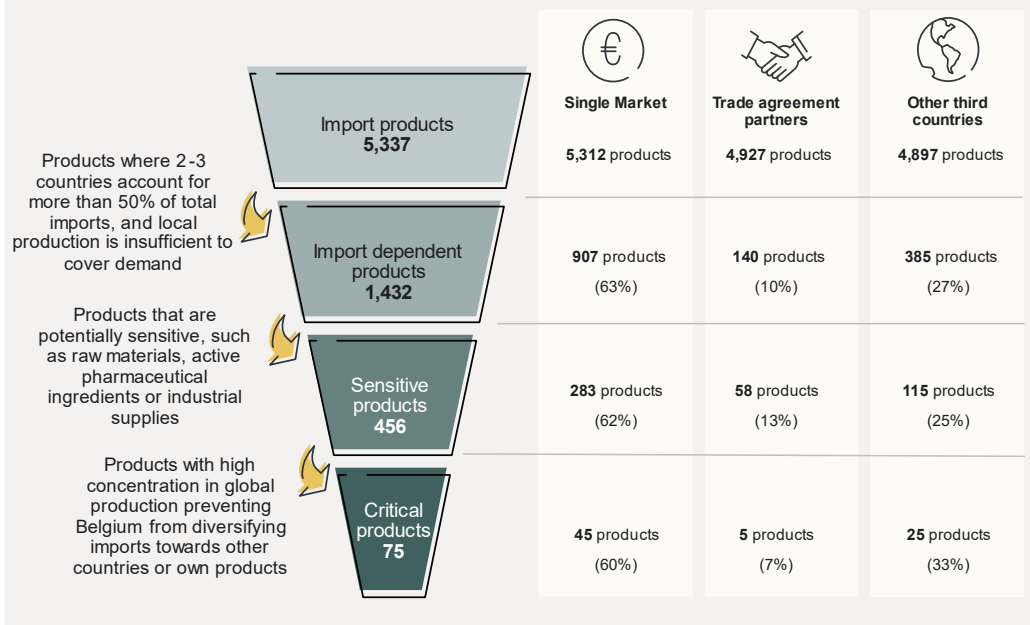


Balancing specialisation and resilience | The Single Market enables Member States to specialise and import what others can produce better, see Figure 4. Belgium currently imports 5,337 products.⁴⁸ Where 1,432 of these are concerned, imports are concentrated in just two or three countries, and Belgium's production and economy depend on having access to these countries and maintaining good political relations with them. The main bulk of these products are imported from partners where trade takes place under regulated terms (907 products are imported within the Single Market and 140 from trade agreement partners). The remaining 385 products are imported from third countries, and negotiating trade agreements with these countries can help Belgian firms further diversify their imports and build more resilient global supply chains.

Figure 4: The Single Market has enabled specialisation and helped build resilience⁴⁹

Belgium imports a total of 5,337 products. Based on a methodology developed by the European Commission, we have assessed the import dependency of Belgium based on three different definitions of import dependency:

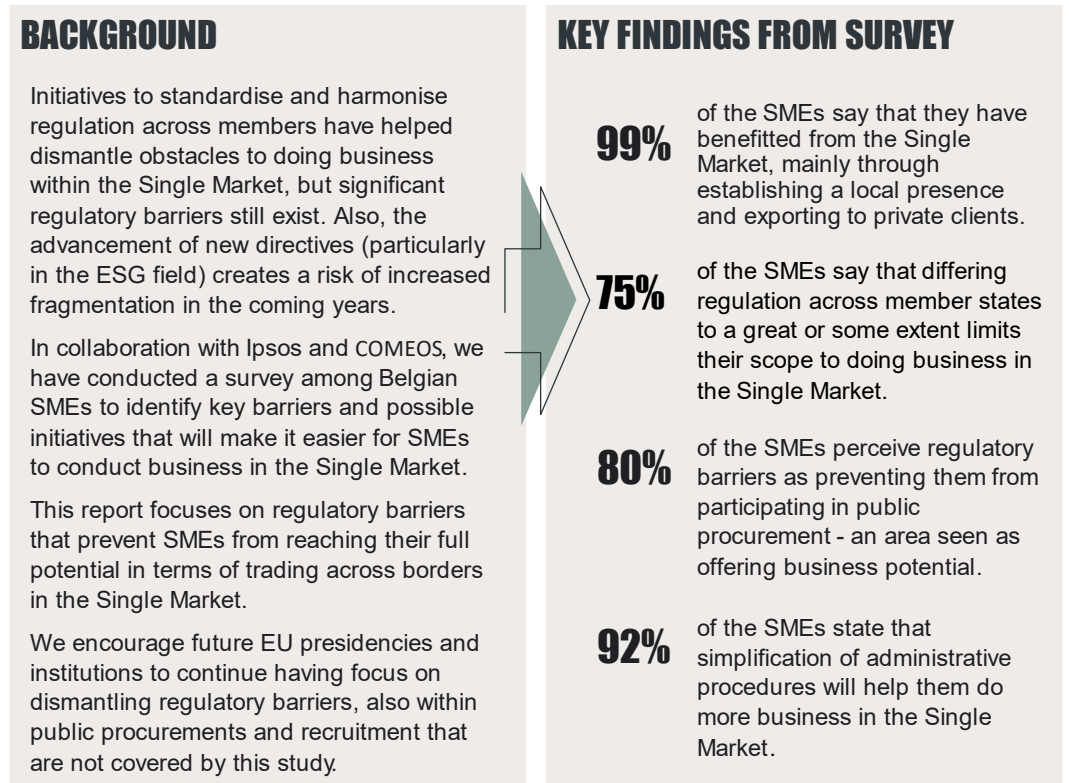
- **Import dependent products** | For products in this group, imports origin from 2-3 countries, and local production in Belgium is insufficient to cover total demand. The high concentration of imports can expose Belgian importers to disruptions in supply from the trading partner (e.g., due to logistic challenges and production lockdowns) and to geopolitical tensions around the trading partner.
- **Sensitive import dependent products** | This sub-group of import dependent products contains products that are particularly important to the well-being of Belgian citizens (e.g., pharmaceutical ingredients) or for maintaining production (e.g., raw materials and intermediate goods). The sensitivity of these products adds to the exposure of the Belgian economy to secure access to these products.
- **Critical import dependent products** | This sub-group of sensitive import dependent products contains products that are highly concentrated in global supply (global supply is concentrated in 2 -3 countries). This means that Belgium shares its import dependency with all other countries. In case of supply interruptions, Belgium (as well as all other countries) have very limited opportunities to redirect imports to other locations.



Source: Implement Economics based on the BACI (Base pour l'Analyse du Commerce International) dataset.

Note: The BACI dataset consists of bilateral trade flows at the product level in 2019. Products correspond to the harmonised system nomenclature (6-digit code).

2 SMEs call for regulatory harmonisation and simplification



2.1 Differing regulation hinders growth through the Single Market

The Single Market has come a long way in removing obstacles to the free flow of goods, services, capital and people across borders. The Belgian SMEs that participated in the survey confirm that they benefit from the Single Market and, moreover, that there continues to be a potential for simplifying and harmonising regulation.

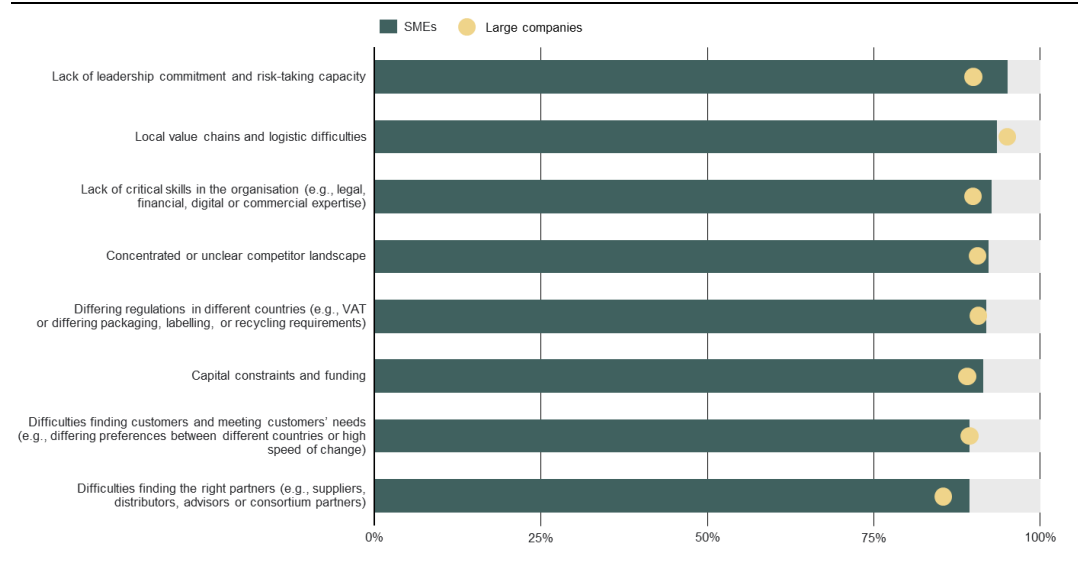
99% of the SMEs say that they have benefited from doing business in the Single Market, mainly through establishing a local presence or exporting to private clients (businesses and individuals), see Figure 3 and Figure 11 in Appendix 1. The SMEs also confirm that there is potential for them to grow their business further within the Single Market. 43% of the non-exporting SMEs see potential for participating in public procurement, 43% for establishing a local presence, 43% for recruiting workers and 36% for attracting investors (see Figure 14 in Appendix 1).

Differing regulation across Member States is seen as one of the most critical barriers for Belgian SMEs to do more business in the Single Market. 92% of the SMEs say that this barrier limits their scope for doing business in the Single Market (41% say that it to a great extent is a critical barrier, see Figure 16 in Appendix 1), see Figure 5. An even more critical a barrier than differing regulation is difficulties finding the customers and meeting customers' needs as well as other traditional export barriers that are typically addressed at the national level, through various export promotion and accelerator activities.⁵⁰

To larger Belgian companies, differing regulation is also seen as one of the most critical barriers. 91% of the larger companies say that the barrier limits their scope for doing business in the Single Market, see Figure 5 (37% say that it to a great extent is a critical

barrier, see Figure 17 in Appendix 1). Even more critical a barrier to larger companies is local value chains and logistic difficulties and risk-taking capacity.

Figure 5: Critical barriers to doing business in the Single Market for Belgian companies

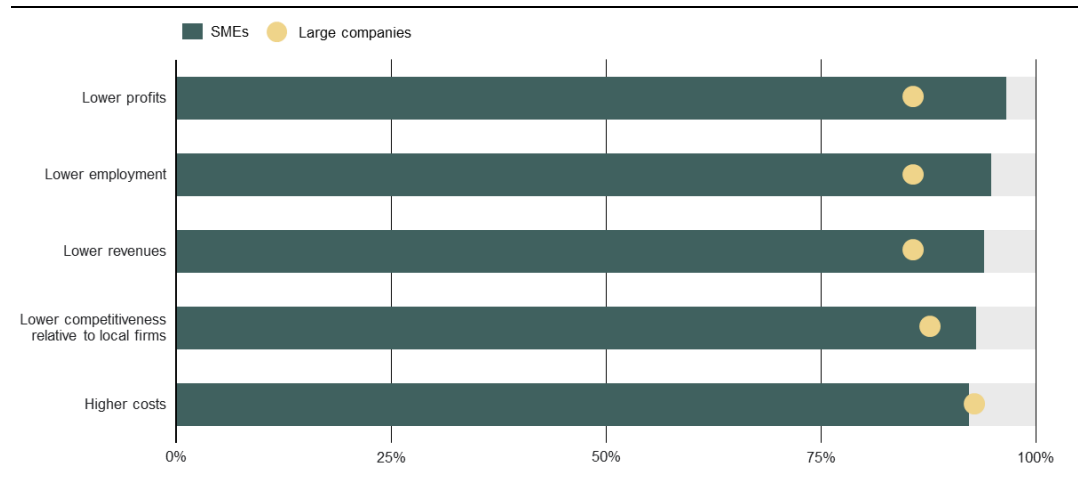


Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'What do you perceive as the most critical barriers to doing business within the Single Market?', SMEs=245, large companies=106. Responses include the answers 'to a lesser extent', 'to some extent' and 'to a great extent'.

2.2 Regulatory barriers erode the competitiveness of Belgian SMEs

92% of the SMEs assess that regulatory barriers increase costs (42% say to a great extent, see Figure 18 in Appendix 1), 93% say that regulatory differences erode their competitiveness (41% say to a great extent) and 97% experience lower profits (40% say to a great extent), see Figure 6. The same consequences are pointed out by the larger Belgian companies, particularly in terms of their cost competitiveness.

Figure 6: Consequences of regulatory barriers for SMEs and large companies



Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'What are the implications for your business of regulatory barriers to doing business within the Single Market?', SMEs=230, large companies=102. Responses include the answers 'to a lesser extent', 'to some extent' and 'to a great extent'.

Because of the regulatory barriers and their consequences, the Belgian economy misses out on significant opportunities for creating more benefits for workers through higher job creation, better paid jobs and improved job security. In addition, consumers could benefit from reduced regulatory barriers through lower prices, a wider selection of products, improved product innovation and reduced delivery times.

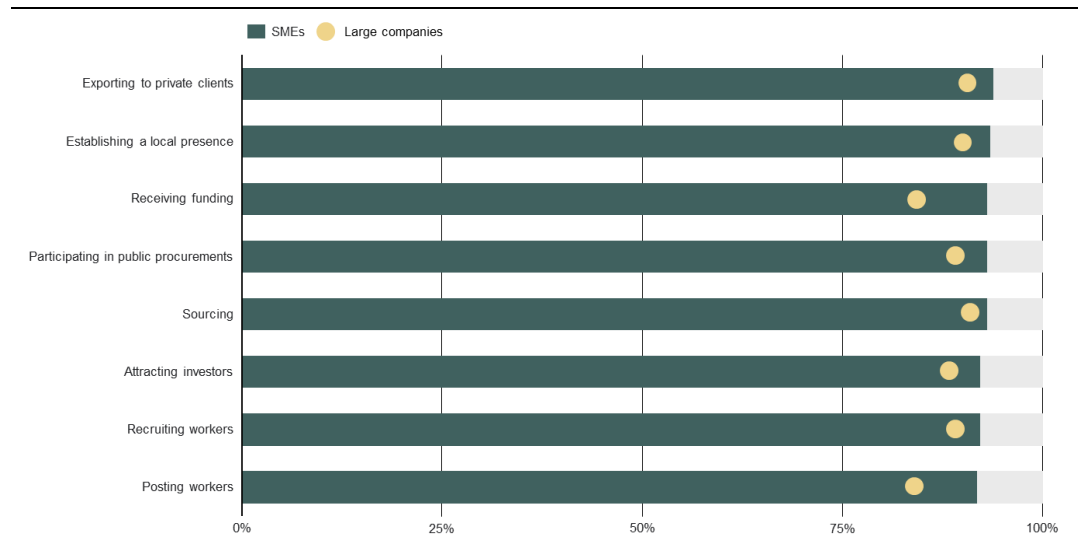
2.3 Regulatory barriers prevent SMEs from scaling their business

93% of the SMEs find that regulatory barriers prevent them from establishing a local presence, see Figure 7. Establishing a local presence is vital for SMEs aiming to expand their business internationally. By setting up operations in another member country of the Single Market, SMEs can access a new customer base and potentially boost their sales and revenue. Additionally, having a local presence allows SMEs to diversify their customer portfolio, reducing their reliance on any single market or customer segment. Reduction of regulatory barriers can therefore help improve long-term success for SMEs internationally.

Moreover, another 92% of the SMEs assess that regulatory barriers prevent them from attracting investors within the Single Market, but regulatory barriers also limit the scope for receiving funding and participating in public procurement.

Most larger Belgian companies find that regulatory barriers prevent them from exporting to private clients (91%), sourcing (91%) and establishing a local presence (90%).

Figure 7: Regulatory barriers prevent companies from doing more business in the Single Market



Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'To what extent do regulatory barriers prevent your firm from doing more business in the Single Market?'. SMEs=245, large companies=105. Responses include the answers 'to a lesser extent', 'to some extent' and 'to a great extent'.

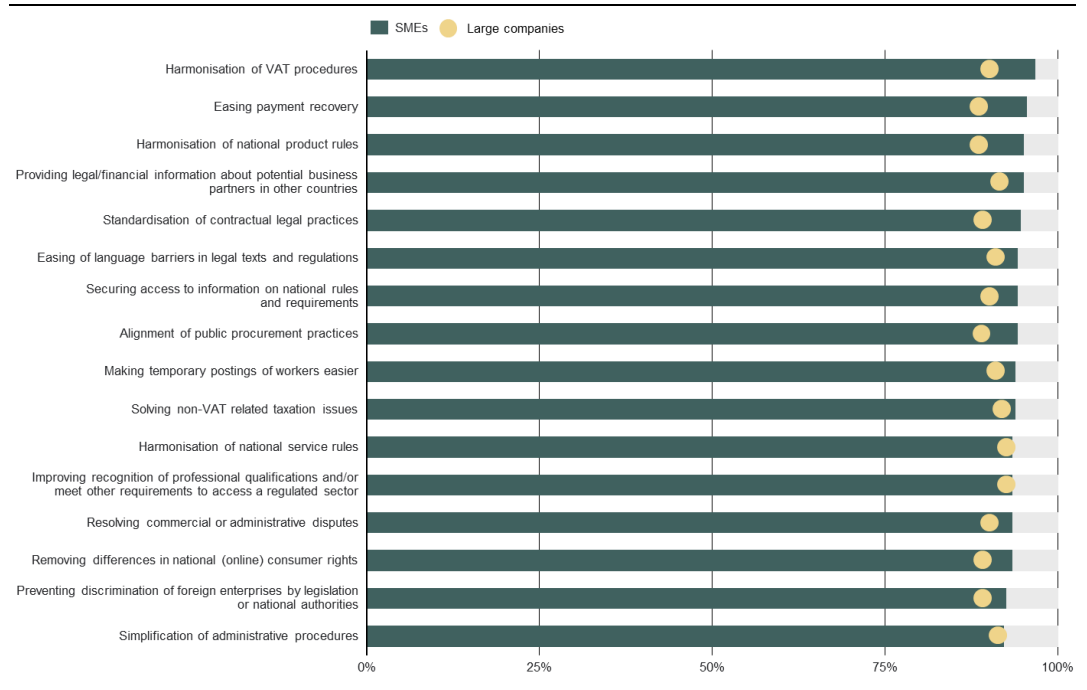
2.4 SMEs call for regulatory simplification and harmonisation

The SMEs identify several policy initiatives that can help reduce regulatory barriers, and all the listed initiatives in Figure 8 are supported by more than 90% of the SMEs and almost a similar share of larger companies.⁵¹ Overall, the survey results point out that initiatives to support SMEs will also benefit larger companies. More specifically, Belgian SMEs welcome the following initiatives to:

- **Harmonise VAT procedures** | This call for action from Belgian SMEs is directly linked to our recommendation to create a single VAT ID and extend the VAT one-stop-shop (recommendation #9).
- **Harmonise national product and service rules** | The upgrade of the European Semester (recommendation #4) and the removal of barriers to trade and climate goods and services (recommendation #6) aim to harmonise implementation of EU regulation and reduce regulatory fragmentation across members of the Single Market. Also, our recommendation to strengthen the use of the Better Regulation Toolbox (recommendation #5) aims to make new regulation easier to implement and therefore prevent new regulatory fragmentation from arising in the future.
- **Secure access to information on national rules and requirements** | Our recommendations to strengthen SOLVIT (recommendation #2) and create a one-stop-shop to Member States' extended producer responsibility (EPR) systems (recommendation #8) will make information more accessible for Belgian SMEs.
- **Easing payment recovery** | Our recommendation to create conditions for the development of easy, fast, reliable and low-cost cross border payments (recommendation #11) also aims to ease payment recovery.

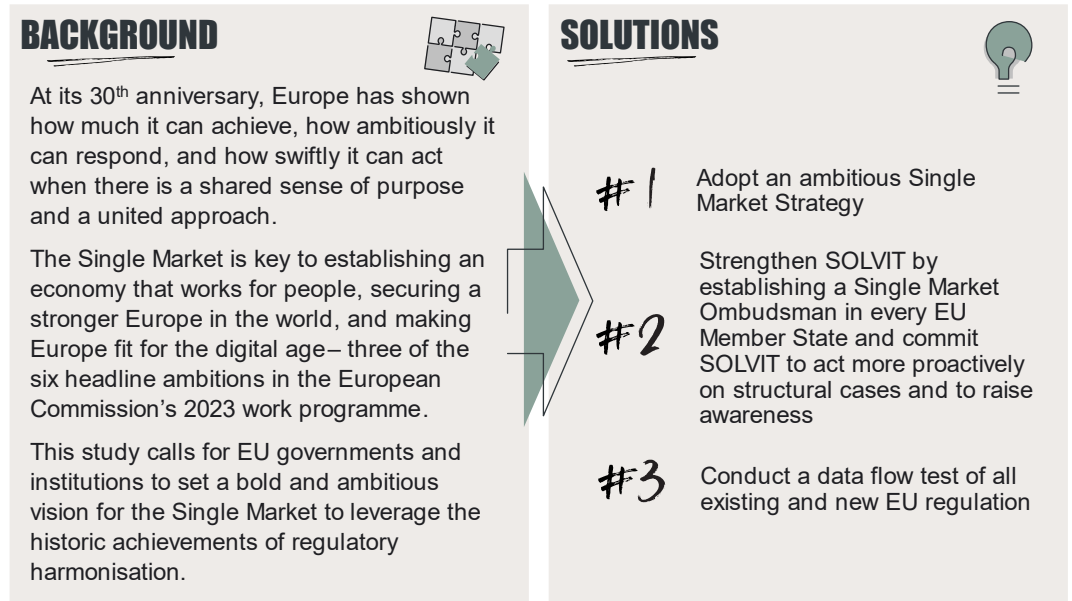
Furthermore, 92% of the SMEs point to simplification of administrative procedures, of which 33% say that this initiative to a great extent will help them do more business via the Single Market, see. Likewise, 92% of the larger Belgian companies point to simplification of administrative procedures, of which 48% say that this initiative to a great extent will help them do more business via the Single Market. The call for simplification aligns with several recommendations brought forward in this report, such as the adoption of an ambitious Single Market Strategy (recommendation #1), a data flow test (recommendation #3), a business-oriented design of the digital European product passport (recommendation #7) and the recognition of digital labelling (recommendation #10).

Figure 8: Several policy initiatives can help Belgian companies to do more business in the Single Market



Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'To what extent would the following policy initiatives help your company do more business within Single Market?', n=242.

3 Set a bold and ambitious vision for the Single Market



#1 Adopt an ambitious Single Market Strategy

Securing the four freedoms of the Single Market warrants ongoing review and updates of EU regulation. The Single Market will never be a finished product but will instead need to adjust to technological developments, global conditions and key societal challenges. We urge the next European Commission to be ambitious and visionary when setting out to secure the long-term competitiveness of the EU. This is line with the Commission communication around EU competitiveness beyond 20430 at the 30th anniversary of the Single Market:⁵²

“The long-term view on competitiveness outlines how the EU can build on its strengths and achieve more than merely bridging the growth and innovation gap. A forward-looking, well-defined and coordinated EU framework will foster thriving businesses, able to compete on the global market, with attractive jobs and setting global standards.”

To achieve this, the European Commission should adopt a Single Market Strategy that clearly reinstates the Single Market at the forefront of the EU’s integration project. The Single Market Strategy should take a holistic approach to the full business and consumer journey to ensure that regulations do not unnecessarily limit trade in the Single Market. The Single Market Strategy should be backed by strong political leadership and integrate regulation across all pillars of the Single Market and modes of doing business.

Adopting an ambitious Single Market Strategy can reduce the complex and uneven regulatory requirements that drive up costs for SMEs.

#2 Strengthen SOLVIT and commit SOLVIT to act more proactively and to raise awareness

SOLVIT is a problem-solving network that was established in 2002 to help (free of charge) people or businesses when their cross-border rights in the Single Market are breached by public authorities – be it at a local, regional or national level. SOLVIT is based on co-operation between Member States under the auspices of the European Commission. It intends to offer a faster, informal alternative to starting a court case, submitting a formal complaint to the Commission or launching a petition. There are SOLVIT centres in all EU Member States, as well as in Iceland, Liechtenstein and Norway.

A review of the SOLVIT institutions across countries shows that European firms lack awareness about the opportunities offered by SOLVIT and, even when they are aware, they rarely use SOLVIT and often lack confidence in SOLVIT as a relevant partner in finding a solution.⁵³ These conclusions are also confirmed by the interviews conducted with Belgian SMEs as part of this study. There is also room for improving the functionality of SOLVIT in several countries:

- **Securing staffing and qualifications** | There is a lack of qualified case handlers and excessive staff turnover rate in several SOLVIT centres.⁵⁴
- **Addressing structural issues** | SOLVIT is in many cases an underutilised, valuable source of information regarding more structural problems.
- **Identifying regulatory uncertainties** | SOLVIT is mainly used for reporting cases of misapplication of Single Market rules, but Belgian SMEs, call for more proactive initiatives to remove the regulatory uncertainty that stems from contradictory and/or overlapping regulation.⁵⁵

We propose to establish a Single Market Ombudsman in every EU Member State (as the Head of or in collaboration with SOLVIT) to secure the correct application of EU rules. We also propose to commit SOLVIT to act more proactively on structural cases and to raise awareness, for example through structured roundtables with national business associations. Finally, SOLVIT should be a digital platform for reporting contradictory/overlapping regulation and addressing regulatory uncertainties.⁵⁶ This initiative should be aligned with the Commission's proposed Single Market offices, but we recommend its mandate to require it to act more proactivity and raise awareness among relevant users, particularly SMEs.

#3 Conduct a data flow test of all existing and new EU regulation

In today's rapidly evolving global landscape, digitalisation plays a vital role in driving growth, generating employment opportunities and contributing to a sustainable future through its positive impact on environmental objectives.⁵⁷ By embracing digital technologies, SMEs are in a better position to navigate international markets, streamline operations and enhance their export capabilities.

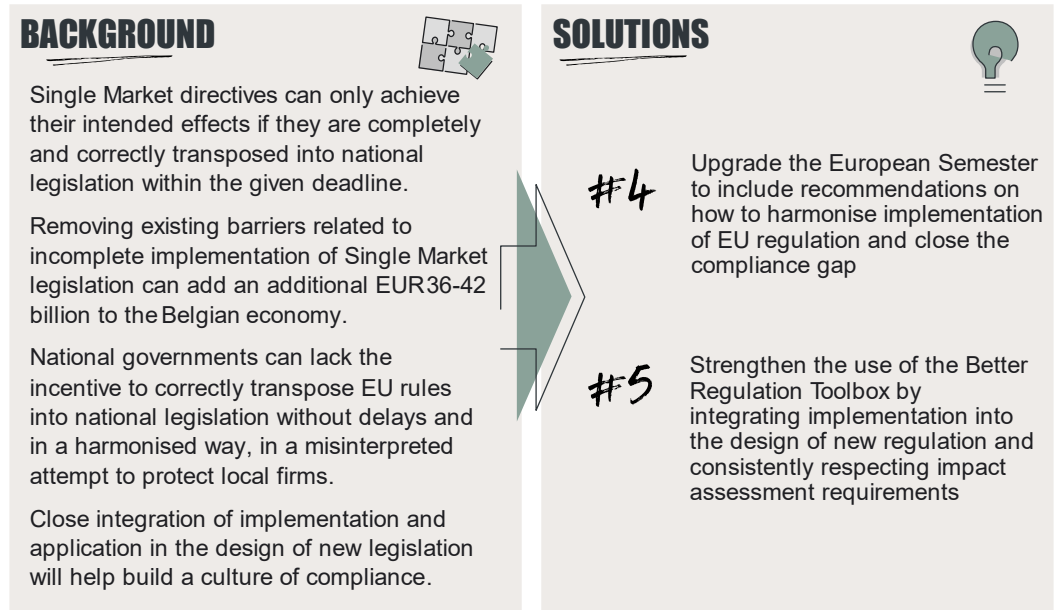
Digital technologies and solutions also enable and accelerate the green transition across the economy and society.⁵⁸ For example, digital solutions are a critical enabler of demand flexibility for the forthcoming doubling of electricity use in Europe towards 2050. Also, the provision of real-time data to support climate-friendly transport choices or more climate-conscious heating behaviour in people's homes is a cost-effective way of decarbonising. Moreover, energy security measures to reduce the EU's imports of fossil fuels also depend on digital solutions. Around 40% of the pathway to the desired level of EU gas demand will require a degree of digital enablement.

For these reasons, it is important to remove unjustified obstacles to data flows in the Single Market as the European Commission has attempted to do for example in the regulation of free flow of data.⁵⁹ Several data flow obstacles persist and are often rooted in rules aimed at protecting personal privacy (data protection).⁶⁰ This is a legitimate protection interest regulated in the EU statute on fundamental rights.

Given the overriding protection interest in personal privacy, we recommend the European Commission to put forward a proposal to promote data flows as far as possible. The proposal is to introduce a 'data flow test' intended to remove unjustified barriers. The starting point is that obstacles aimed at protecting personal privacy must be designed in a way that is least restrictive for data flows.

Such a test would oblige the legislator and regulator (at both EU and national levels) to systematically consider the free flow of data when applying data protection rules (e.g., devising new requirements, adopting guidelines or decisions in individual cases). Thus, the test would acknowledge the supremacy of the principle of data protection in the EU but limit the risk of abuses that would be harmful to data flows, innovation and the green transition. Removing unjustified barriers to data flows will reduce administrative costs for European firms – one of the main barriers to doing business in the Single Market according to Belgian SMEs.

4 Build a culture of trust and compliance



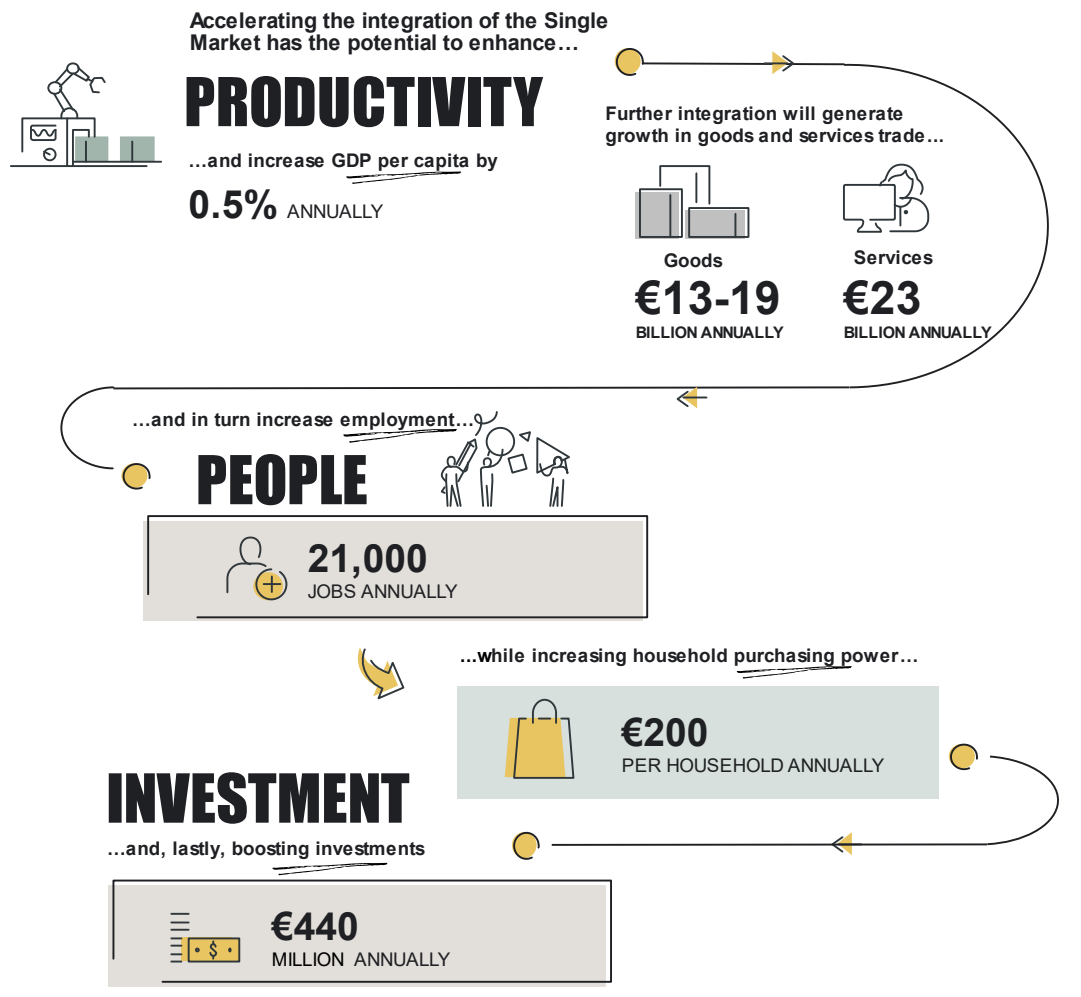
#4 Upgrade the European Semester to include recommendations on how to harmonise implementation of EU regulation and close the compliance gap

Removing existing barriers due to incomplete implementation of EU rules is foreseen to generate large EU-wide economic benefits.⁶¹ The European Commission estimates that removing existing barriers related to the incomplete implementation of EU rules on the Single Market would add an additional EUR 520-600 billion to EU GDP annually (a permanent increase in EU income level).⁶²

Similar impacts can be expected in Belgium. If benefits for Belgium correspond to Belgium's contribution to total intra-EU trade, GDP per capita could increase by 0.5%, and the goods and services sectors would permanently add EUR 36-42 billion to Belgian GDP every year (EUR 13-19 billion and EUR 23 billion for goods and services, respectively⁶³). Furthermore, the increased production of goods and services is expected to support 21,000 jobs annually. Benefits will spread to Belgian households, where household income (purchasing power) is expected to increase permanently by EUR 200. Lastly, investments are expected to increase by EUR 440 million (see Figure 9). These gains are recurring each year and growing over time.⁶⁴

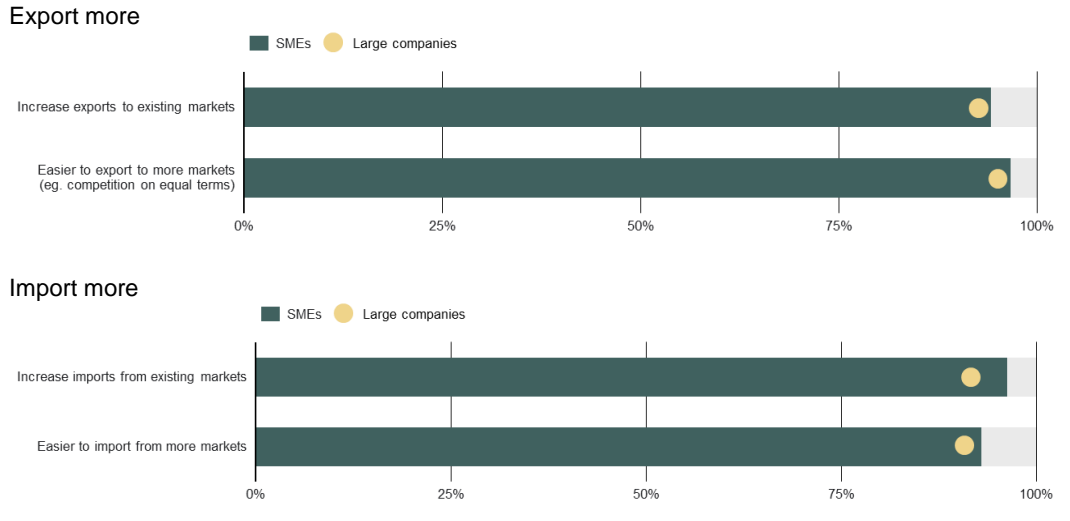
Given Belgium's existing share of trade within the Single Market and the trade potential identified by the SMEs that participated in the survey, benefits for Belgian firms from improved market access are likely to be high.

Figure 9: Potential benefits for Belgium from removing existing barriers in the Single Market



The SMEs that participated in this survey generally agree that a national alignment of EU regulation can help them increase their exports. 94% of the SMEs say that such an alignment will make it easier for them to increase their exports to existing markets and 97% see a potential for exporting to more markets, see Figure 10. The SMEs say that national alignment would also help them import more from existing sourcing markets in the Single Market or start importing from new markets. The larger companies confirm that the current fragmentation of EU regulation also hinders them from trading more in the Single Market.

Figure 10: More aligned EU regulation across Members States would help Belgian companies trade more



Source: Implement Economics based on a survey of 363 Belgian companies.
Note: Response to question: 'In your experience, to which extent would more simple and harmonised regulation of the Single Market can help your company export (import) more?', SMEs=242 (240), larger companies=104(104).

The persistent compliance gap undermines the trust of firms and citizens in the effective functioning of the Single Market. The gap also sends a clear signal to individual governments that lack of compliance has little consequences.

We therefore propose to make recommendations on closing the compliance gap and harmonising the implementation of EU regulation a part of the European Semester. The advantage is that the European Semester is governed by a combination of hard and soft law due a mix of surveillance mechanisms and possible sanctions, which can be utilised to incentivise governments to close the compliance gap.

The proposed solution will address several of the regulatory barriers that currently prevent Belgian SMEs from doing more business through the Single Market.

#5 Strengthen the use of the Better Regulation Toolbox by integrating implementation in the design of new regulations and consistently respecting impact assessment requirements

High-quality legislation is a prerequisite for delivering on EU policy objectives in the most efficient and effective way possible. Moreover, high-quality legislation is a means to avoiding overregulation and unnecessary administrative burdens for citizens, administrations and businesses (particularly SMEs). Finally, high-quality legislation is designed to facilitate its transposition and practical application in the first place.

The persistent compliance gap and large administrative costs reported by firms doing cross-border activities in the Single Market indicate that more can be done to design EU legislation that effectively reduces complexity and administrative costs of doing business in the Single Market. The Better Regulation Toolbox, with impact assessments as a key ingredient, is a way for the Commission to design, deliver and support the implementation of high-quality policies.⁶⁵

We recommend the European Commission to strengthen the use of the Better Regulation Toolbox by upholding the impact assessment requirement and putting more weight on integrating implementation into the design of new regulation. The recommendation put forward in this paper is aligned with the request for better regulation by 15 EU governments.⁶⁶

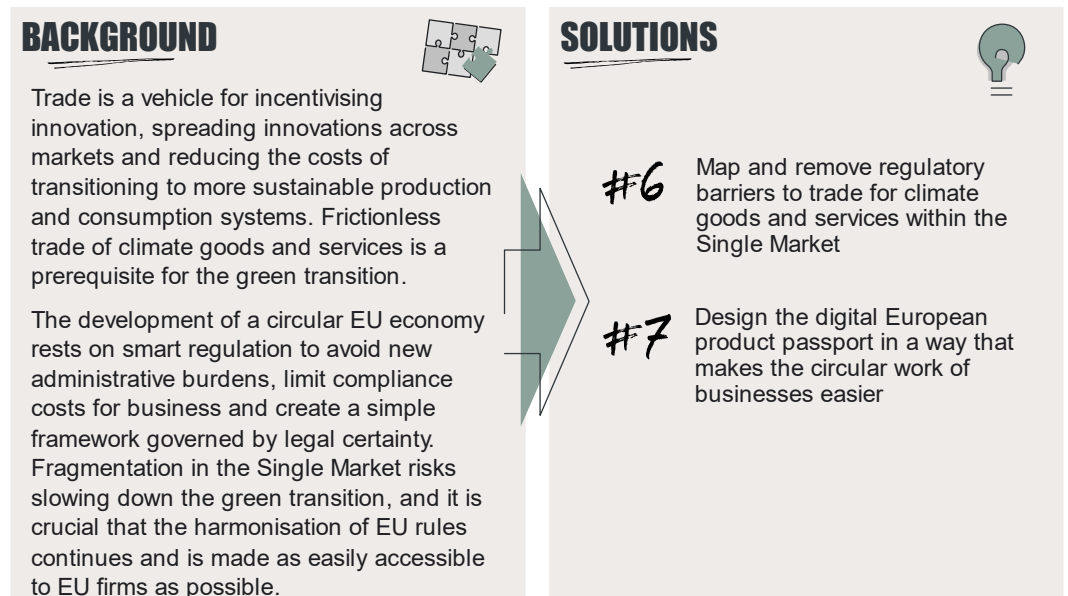
“Better regulation is the cornerstone in ensuring a properly functioning Single Market and a future-proof, transparent and stable legislative framework aiming to reduce regulatory burden and facilitate competitiveness. In general, a horizontal and technology-neutral approach enables the use of most innovative technologies.”

In particular, the 15 governments call for the new European Commission to apply impact assessments more consistently and thoroughly:

- Add a thorough, timely and high-quality impact assessment to each legislative proposal and ensure consultation with stakeholders.
- Include a Competitiveness Check and consider the cumulative impacts and costs of different initiatives and existing rules on the competitiveness of EU businesses, particularly SMEs and micro-enterprises.
- The impacts on the Single Market and its four freedoms should also be considered to avoid overlap and ensure consistency of the legislative framework.
- Assess the extension of the mandate of the Regulatory Scrutiny Board so that it can specifically ask for impact assessments in cases when they were not done.

The proposed solution will contribute to reducing several of the existing regulatory barriers pointed out by Belgian SMEs, and the high-quality design of future regulation will reduce the risk of new administrative barriers and unintended negative impacts to emerge in the future.

5 Remove regulatory trade barriers to create a green and circular Single Market



#6 Map and remove regulatory barriers to trade in climate goods and services within the Single Market

The transition to a new, decarbonised production and consumption system requires that climate-related technologies and services become available and are fully deployed. Removing regulatory barriers to trade in climate goods and services within the Single Market can accelerate decarbonisation in Europe by structuring market signals, incentivising innovation and reducing the costs of adopting new technologies. A fully integrated Single Market in climate goods and services will also strengthen the international competitiveness of EU producers.

The Belgian National Energy and Climate Plan (NECP) has committed to achieving a 40-47% reduction in greenhouse gas emissions across the regions and respective governments by 2030 compared to 2005 levels. In doing so, Belgium is advancing investments into renewable energies and committing to 18.3% of final energy consumption originating from renewable energy sources by 2030.⁶⁷

Regulatory barriers pose significant obstacles to global trade in climate goods (up to 10 times more than tariffs⁶⁸). The top three barriers include technical barriers to trade (mainly standards, technical regulations and labelling requirements as well as conformity assessment procedures, product testing and certification), local content requirements and challenges concerning government procurement.

Regulatory barriers also hinder the free flow of climate goods and services within the Single Market. The wind industry, for example, experiences complex, contradictory and fragmented regulation that erode their global competitiveness.⁶⁹ As wind energy is expected to cover 43% of Europe's electricity by 2030, regulatory barriers make the green transition excessively costly and put pressure on public budgets.⁷⁰

It is difficult to formulate an exact definition of climate goods and services, and there is a risk that the complexity of the problem ends up stalling progress and perhaps even hindering the dismantling of regulatory barriers to trade within the Single Market. A "step

by step” approach to regulatory harmonisation with the following three steps will accommodate the challenges raised by the SMEs:

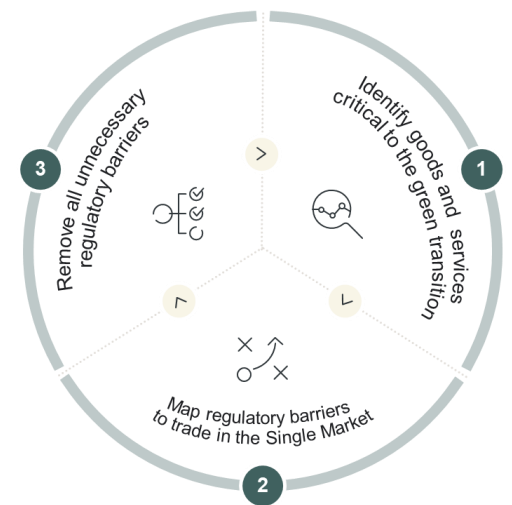
- **Step 1** | Define an initial list of climate goods and services. A preliminary list is offered in deep dive analysis of Single Market barriers to trade in climate goods and services, which could be a starting point for the work.⁷¹ This could be a minimum list of climate goods and services that are generally accepted as being critical for the green transition.
- **Step 2** | Map regulatory barriers that hinder free trade in the defined climate goods and services across borders in the Single Market. The mapping should be exhaustive and cover the full business and consumer journey. The mapping should also aim to cover all sources of regulatory barriers, such as lack of compliance with EU regulation, fragmentation in the national implementation of EU regulation, intellectual property rights, uneven access to public procurement, etc.
- **Step 3** | Take bold steps to remove unnecessary or unjustified regulatory barriers to trade in climate goods and services that are hindering the green transition at both the EU and national level.

The iterative process is illustrated in the figure below. The three steps should be repeated for an expanded list of green goods and services.

A roadmap to creating a true European Green Single Market

We propose to take a step-by-step approach to removing unnecessary regulatory barriers to trade in climate goods and services within the Single Market:

- Complete the three-step process for an **initial list of climate goods and services** that are critical to the green transition and remove regulatory barriers that are unnecessarily restrictive to trade within the Single Market.
- Expand the list as new innovative climate solutions emerge and repeat the three-step process.
- Continuously ensure that new regulations do not create fragmentation in the European Green Single Market.



#7 Design the digital European product passport in a way that makes the circular work of businesses easier and facilitates product compliance

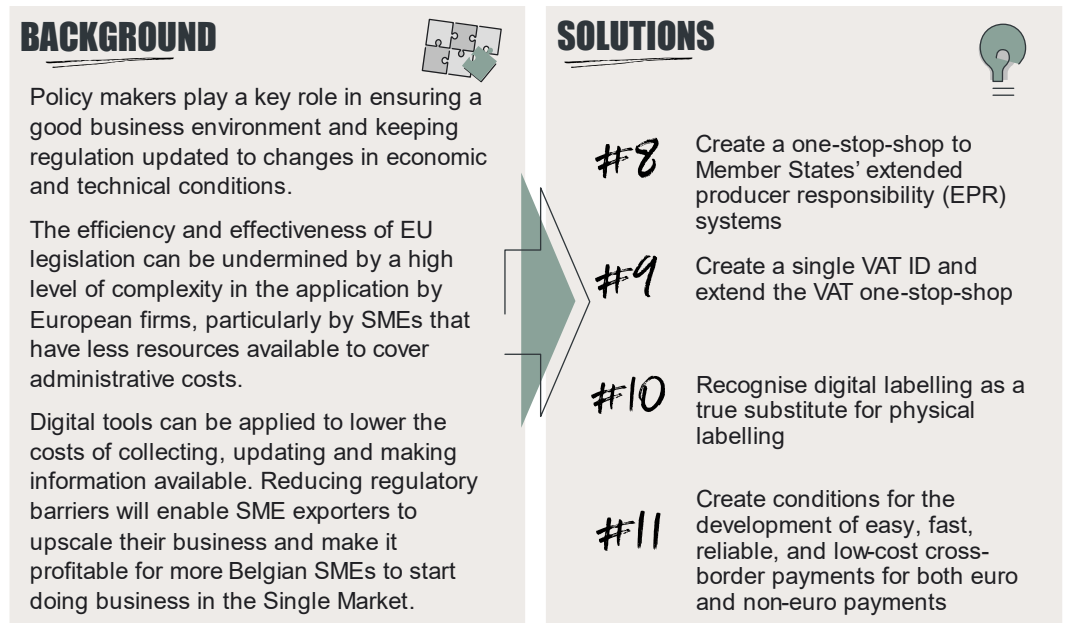
The Digital Product Passport (DPP) is a key proposal of the Ecodesign for Sustainable Product Regulation (ESPR), which looks to gather information on a product over the value chain to provide a comprehensive understanding of materials and products as well as their associated environmental impact. In addition, sector-specific product legislation is looking to extend this to also improve the display of product compliance information.

A well-designed DPP can make important product-specific information available in a digital form, making it more accessible to actors in the value chain. As such, it can also serve as a powerful tool for businesses in their contribution to the decarbonisation of the economy. However, if not designed carefully and with stakeholder input, including especially the views of SMEs, there is risk that the DPP will introduce high administrative burdens and costs for businesses, therefore limiting its potential and creating a lack of cohesion within the Single Market.

Therefore, we recommend that the DPP is designed with the following features:

- That only mandatory product information is required, understanding the complexity of and time requirement for gathering detailed information along the entire value chain.
- The required data needs to be aligned with existing databases and systems as to not create silos or duplication of efforts.
- That intellectual property rights are protected – again requiring a careful consideration of the data that is absolutely relevant for meeting the objectives (essentially requiring only ‘need-to-know’ and not ‘nice-to-know’ data).

6 Use digital tools to cut costs and create conditions for growth



#8 Create a one-stop-shop to the extended producer responsibility (EPR) systems of Member States

Extended producer responsibility (EPR) is an EU environmental policy tool that assigns responsibility to producers for the collection, sorting and treatment of products at the post-consumer stage. EPR schemes vary widely across the EU, both between Member States and between different product categories within Member States. Across the EU, there are well above 81 different EPR regulations (Packaging, WEEE – Waste of Electrical and Electrical Equipment, SUP – Single Use Plastics) to comply with.⁷²

Harmonised EPR schemes can help strengthen the circular economy within the Single Market, while lowering unnecessary costs and bureaucratic burdens for businesses to act in an environmentally responsible manner.

We recommend establishing a truly all-encompassing EU-wide mechanism to handle EPR: a digital EPR 'one-stop-shop' solution that would facilitate single EPR registration and reporting across all Member States. This one-stop-shop would also serve as a centralised and up-to-date information portal on EPR requirements across all Member States.

Such a solution should drastically reduce bureaucracy, both for the producers as well as for the authorities. The solution should help making EPR more cost effective for EU producers to comply with EPR regulations related to all the products sold in any given Member State, while at the same time lowering regulatory barriers to trade (and therefore increasing trade) within the Single Market and strengthening circularity.

#9 Create a single VAT ID and extend the VAT one-stop-shop

Currently, an SME will require on average 13 documents to complete one VAT registration process, 100 days to get a VAT number, around EUR 8,000 per country per year in compliance costs and up to 60 VAT filings per country per year to be submitted.⁷³ In 2022, the European Commission proposed a series of measures to modernise and make the EU's VAT system work better for businesses and more resilient to fraud by embracing and promoting digitalisation (the VAT in the Digital Age proposal). Despite simplifications introduced by the European VAT one-stop-shop system, SMEs, such as Garzini in the business case below, continue to encounter challenges with VAT procedures.

We call for the European Commission to adopt the VAT in the Digital Age proposal with no delays and thereby create a single VAT ID in the EU and extend the existing VAT one-stop-shop concept to cover all goods transactions (including pan-EU inventory placement and onward sales). Such a simplification will allow SMEs to comply with their VAT compliance obligations using a single VAT registration number, cutting down cost and complexity and helping drive growth. Less burdensome VAT procedures is one of the policy initiatives that Belgian SMEs would find most beneficial for doing more business in the Single Market.

As well as reducing administrative burdens on SMEs and granting them greater access to the European Single Market, tax authorities will also benefit from a Single VAT ID, as reduction in complexity increases compliance.⁷⁴ From the perspective of national governments' public finances, the simplification is likely to result in increased trade leading to additional VAT revenues and a more competitive market in the EU. Finally, customers will benefit from a larger selection, more competitive prices and a better shopping experience when buying goods online.

VAT REGISTRATION AND REPORTING INTRODUCES DIFFICULTIES FOR SMES SELLING IN EUROPE

Garzini is a Belgian company specialising in the design and manufacture of cleverly designed accessories, including wallets, card holders and key holders. The company is present across the European Single Market through retailers and web shops. Garzini exports to many countries, with the bulk of business taking place in the Netherlands, Germany, Italy, Spain and France.

Call for action

Although the European VAT one-stop-shop (OSS) system has brought about some simplifications, Garzini, along with numerous other SMEs, still faces difficulties with VAT processes. The challenges met include, among other things, paperwork and time investments. For instance, a local VAT number is required to stock products in each country, which constitutes a barrier to “testing” new products on foreign markets, owing to the administrative barriers. Having to stock in one country and export to another renders Garzini less competitive against other, local, companies, as consumers often choose products with shorter delivery times. Moreover, Garzini, like other SMEs, has experienced difficulties working with the OSS, whereby administrations in different countries have experienced delays in communication, leading to erroneous compliance fines.

“Our expansion and progress have been slowed down by the complicated processes, expenses, and challenges of VAT registration across various countries. For example, In Germany, it took our company 4-5 months and many up-front costs to get a VAT number. For a company like ours that targets the gifting season, we are significantly affected by these delays and must plan far ahead if we decide to expand. Moreover, the ongoing reporting required to comply with different VAT regulations costs our whole company one day a month, not including monthly external costs of €300-400.”

Christophe De Smet, CEO and Founder at Garzini

Potential

Creating a single VAT ID in the EU and extending the VAT OSS to cover all goods transactions, would allow SMEs, such as Garzini, to comply with VAT obligations using a single registration number, applicable for the entire Single Market. This would help reduce complexity and cut costs associated with VAT registration.

#10 Recognise digital labelling as a true substitute for physical labelling

To place products on the EU market, producers are required to indicate a variety of product compliance and conformity information on their products – both at the EU and Member State level. Varying labelling requirements present a high resource and administrative cost to producers, especially for SMEs selling smaller quantities. Additionally, the EU still relies exclusively on physical marking on products and/or product packaging, whereby EU legislative proposals thus far have maintained digital communication on product labels as a voluntary complement to the physical labels.

Digital labelling (e.g. through a QR code on the physical label) can respond to the increased demand for transparency on products purchased by producers. It can convey

more information to consumers, beyond what is possible on physical labels. For instance, in the EU medical device regulations, standards are already in place prescribing how a device needs to be labelled so that the user understands that further information and instructions can be found online.

Digital labels also have the advantage of being easy to update, easy to read (due to no constraints on size or space) and able to be provided in all official languages for a specific product – at a much lower cost and higher convenience to producers than physical labels.⁷⁵ Once-written product information may quickly become irrelevant as technologies advance, legislations change, the economy becomes increasingly circular and trade expands to different regions. Digital labelling provides a more flexible, efficient and scalable option to address this challenge. Digital labelling, as an alternative to physical labelling, can facilitate trade across borders within the Single Market by removing undue barriers between Member States with different language requirements.

We welcome the European Commission's global leadership in introducing meaningful digital labelling solutions. There is significant potential in embracing digital tools, such as the Digital Product Passport accessible via a QR code (or other equivalent data carrier), to communicate hazard, sustainability and safety information as well as use instructions to users in all EU languages and in a prominent manner that can easily be kept up to date. This shift to digital solutions should also be complemented by reduced information on the physical pack/label, simplifying product information display for consumers.

We therefore recommend that the European Commission brings EU labelling requirements to the digital era by providing manufacturers the option to choose whether to market their product digitally or physically – i.e., recognising digital labels as true substitutes for physical labels across product groups and Member States. This should build on the momentum and learnings already taking place within the digital labelling proposals of the chemical regulations.⁷⁶ Also, we ask that physical labelling should only contain the minimum essential information.

#11 Create conditions for the development of easy, fast, reliable and low-cost cross-border payments for both euro and non-euro payments

As the survey clearly shows, Belgian SMEs find it critical for the functioning of the Single Market that cross-border payment methods are affordable and effortless for businesses and consumers. The European Commission has already presented a Proposal for a Regulation of the European Parliament and of the Council on combating late payment in commercial transactions.

We encourage the EU to design an enabling, open and competitive legislative framework to facilitate low-cost, easy, safe and reliable cross-border payments. Regulators should avoid foreclosing access to seamless provision of cross-border solutions. Instead, appropriate incentives should foster a competitive ecosystem to empower consumers to make informed decisions, while reducing cost of payments for merchants.

A more competitive framework for cross-border payments would ensure that EU citizens have access to a diverse range of providers, all of whom operate within an open, competitive setting, including traditional financial providers such as banks, fintech providers and platform operators. The EU should also lead the regulatory development concerning instant payments and central bank digital currencies to further modernise cross-border financial services, set high standards internationally and ensure the competitiveness of the EU.

Appendix 1 Description of the survey

SMEs form the backbone of the Belgian economy, accounting for almost 100% of all firms but only for 34% of total Belgian exports. These numbers reflect that exporting is a difficult activity that requires significant financial and human resources. Nevertheless, 62% of the SMEs' total exports are destined for the Single Market⁷⁷, and the results presented in this study confirm that the Single Market is a platform for SMEs to internationalise, diversify exports and grow muscles to compete globally.

For this reason, we have conducted a survey of export-oriented Belgian SMEs. This appendix presents the structure of the SME survey and includes the detailed survey responses. The export-oriented SMEs consist of companies that currently export (SME exporters) or would like to start exporting (potential SME exporters). This a unique target group that is difficult to isolate and engage. Many SMEs are mainly oriented towards their home markets with little interest in (and potential for) expanding abroad. Also, SMEs generally have limited resources available to overcome market access barriers, and landing their first export order is difficult. Finally, SME exporters are often extremely busy and rarely engage in consultations, surveys and interviews.

To be able to compare survey results for SMEs with larger firms, we have also distributed the survey to larger exporting companies. Of the total 363 responses, 248 are therefore from SMEs and 115 are from larger companies.

SME survey structure

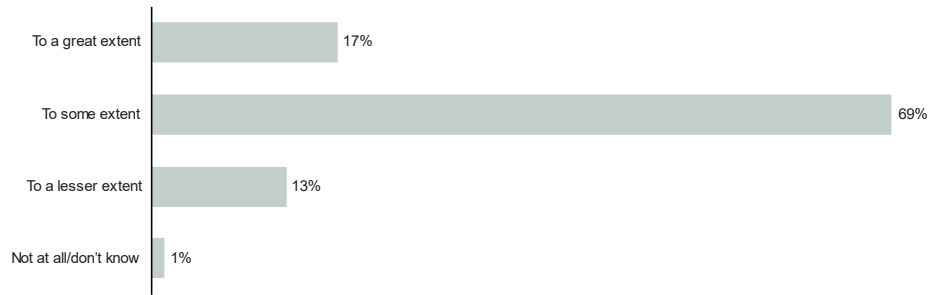
According to Eurostat data, around 67,800 Belgian SMEs are currently exporters (around 8% of the Belgian population of SMEs). 82% of the Belgian SME exporters have less than 10 employees and 18% have more than 10 employees. The latter group of larger SMEs account for a large share of total exports by the SMEs.

In total, 363 Belgian companies participated in the survey, of which 248 were SMEs. 233 of the respondents are SME exporters (68%) and the remaining 15 are potential exporters. Of the SME exporters, 12% have less than 10 employees. This implies that the small SME exporters are underrepresented compared to the population of SME exporters. However, this also implies that the larger SME exporters are very well represented and that implications for a large share of SME exports are covered by the survey. Most of the SME respondents conduct business in 'Manufacturing' (19%) and 'Information and communication' (17%).

115 (32%) of the respondents are larger companies with +250 employees. Of these 115 larger companies, 112 (97%) currently export and three (3%) are potential exporters.

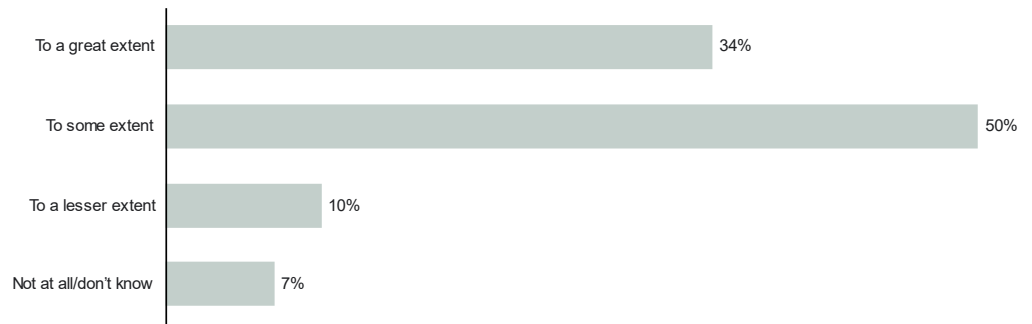
Since we have no information about how large a share of the full population is potential exporters, it is difficult to assess their representativeness.

Figure 11: Benefits from doing business in the Single Market, SMEs



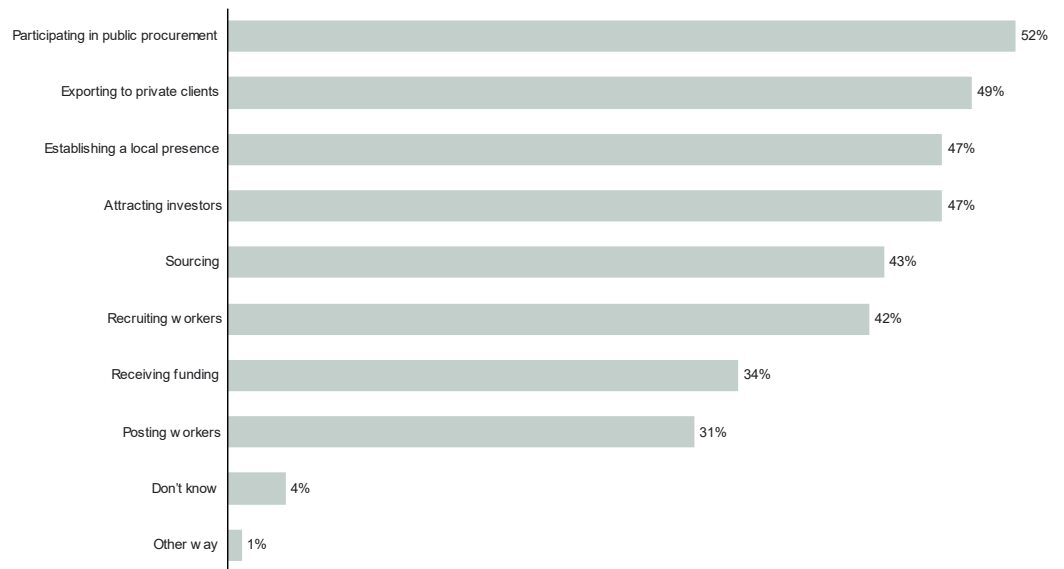
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'To what extent does your company benefit from the Single Market?', n=231.

Figure 12: Benefits from doing business in the Single Market, larger companies



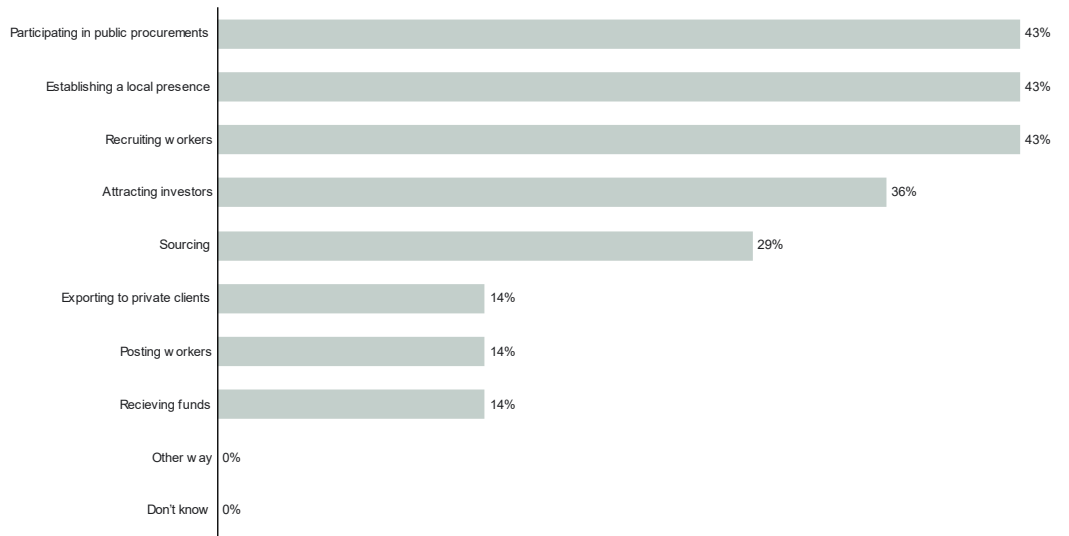
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'To what extent does your company benefit from the Single Market?', n=104.

Figure 13: Belgian larger companies gain from access to the Single Market, larger companies



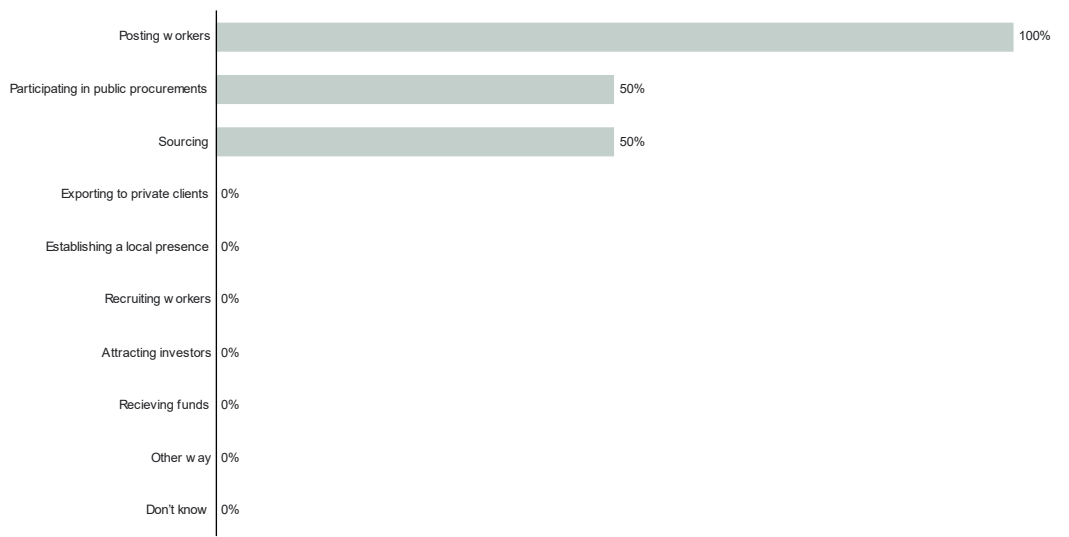
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'In which way does your company convey business in the Single Market?', n=104.

Figure 14: Potentials for growing business in the Single Market, potential SME exporters



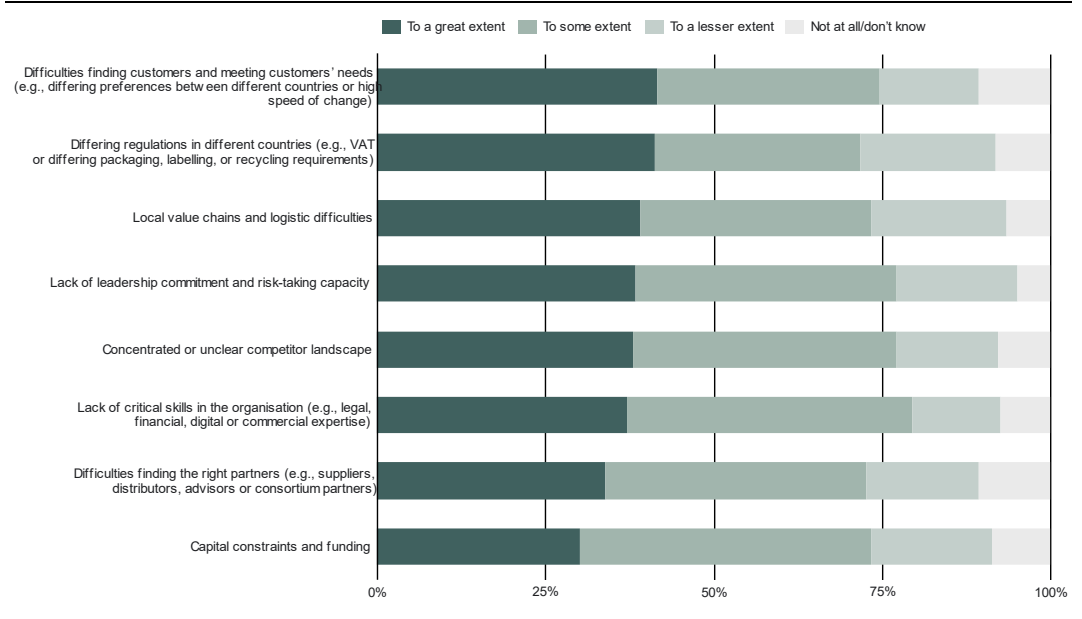
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'Where do you see the largest potentials within the Single Market for growing your business?', n=14.

Figure 15: Potentials for growing business in the Single Market, potential larger exporters



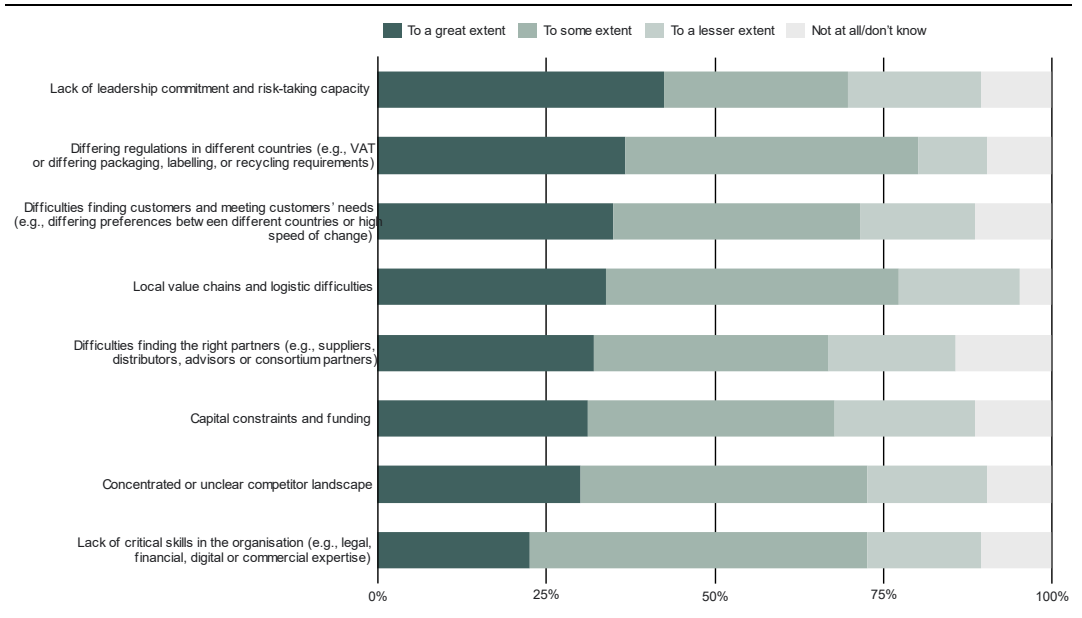
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'Where do you see the largest potentials within the Single Market for growing your business?', n=2.

Figure 16: Critical barriers to doing business in the Single Market for SMEs



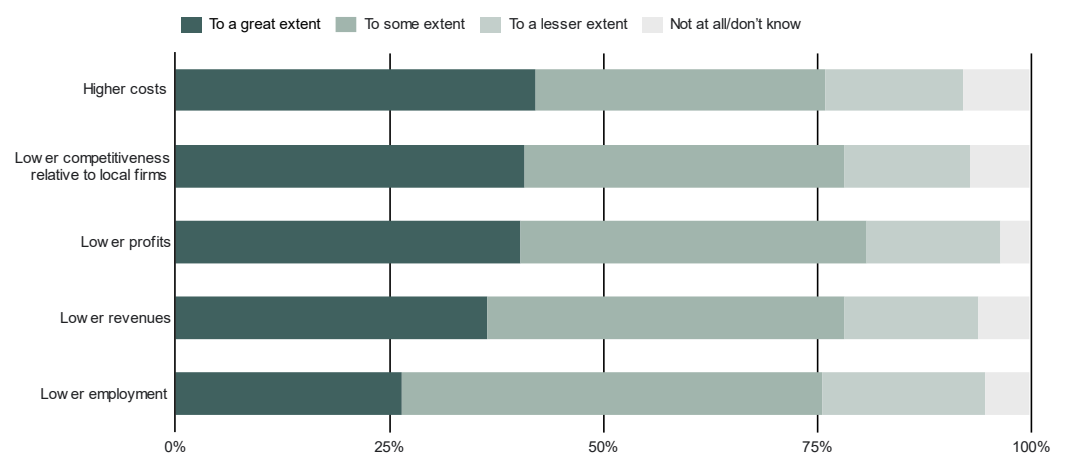
Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'What do you perceive as the most critical barriers to doing business within the Single Market?', n=245.

Figure 17: Critical barriers to doing business in the Single Market, larger companies



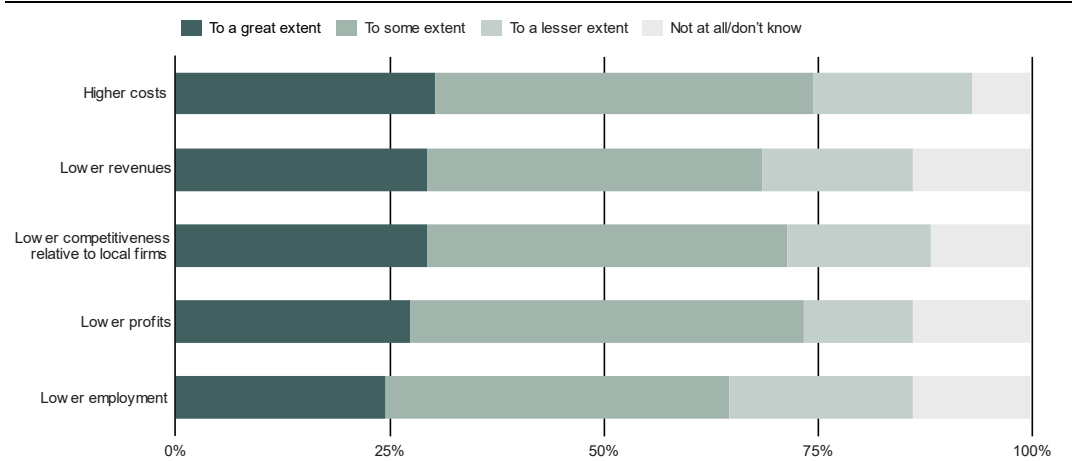
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'What do you perceive as the most critical barriers to doing business within the Single Market?', n=106.

Figure 18: Consequences of regulatory barriers for SMEs



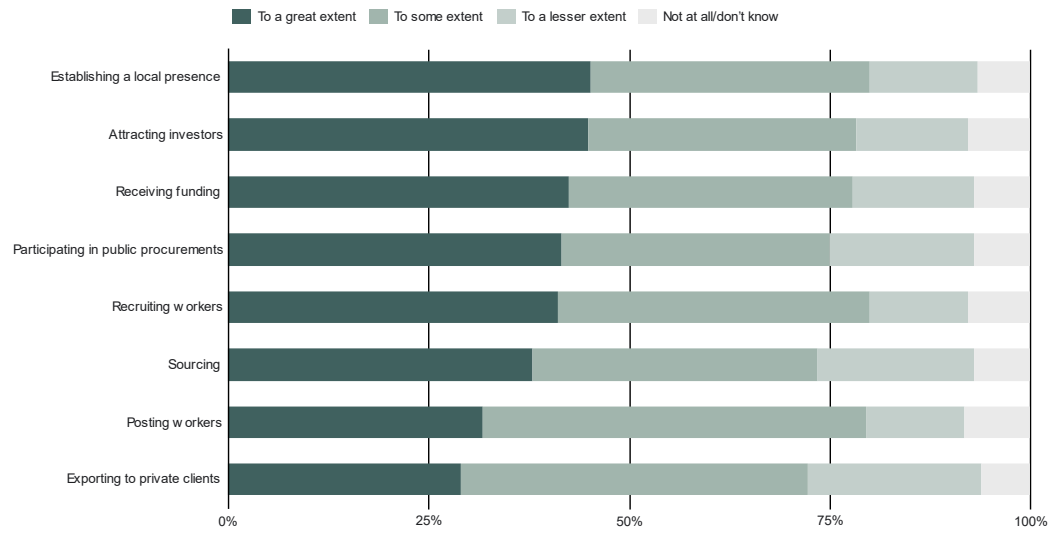
Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'What are the implications for your business of regulatory barriers to doing business within the Single Market?', n=230.

Figure 19: Consequences of regulatory barriers, larger companies



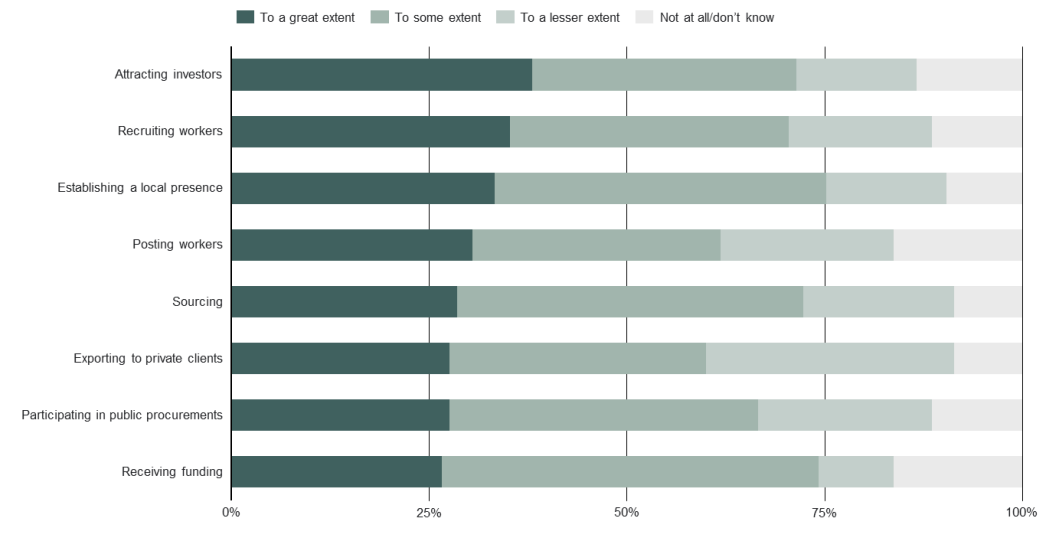
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'What are the implications for your business of regulatory barriers to doing business within the Single Market?', n=102.

Figure 20: Regulatory barriers prevent SMEs from doing more business in the Single Market



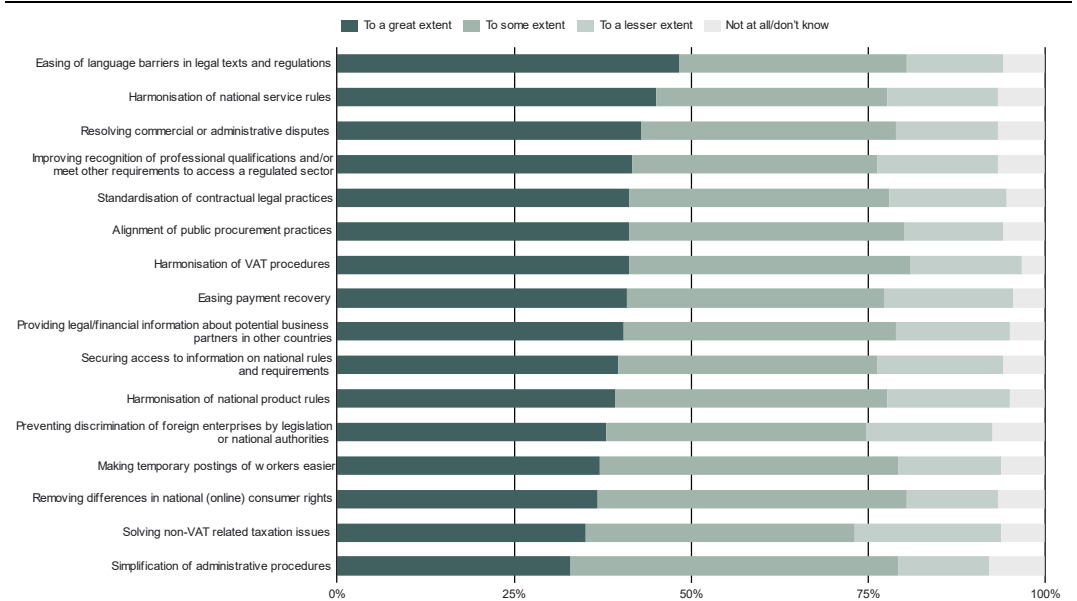
Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'To what extent do regulatory barriers prevent your firm from doing more business in the Single Market?', n=245.

Figure 21: Regulatory barriers prevent large companies' from doing more business in the Single Market



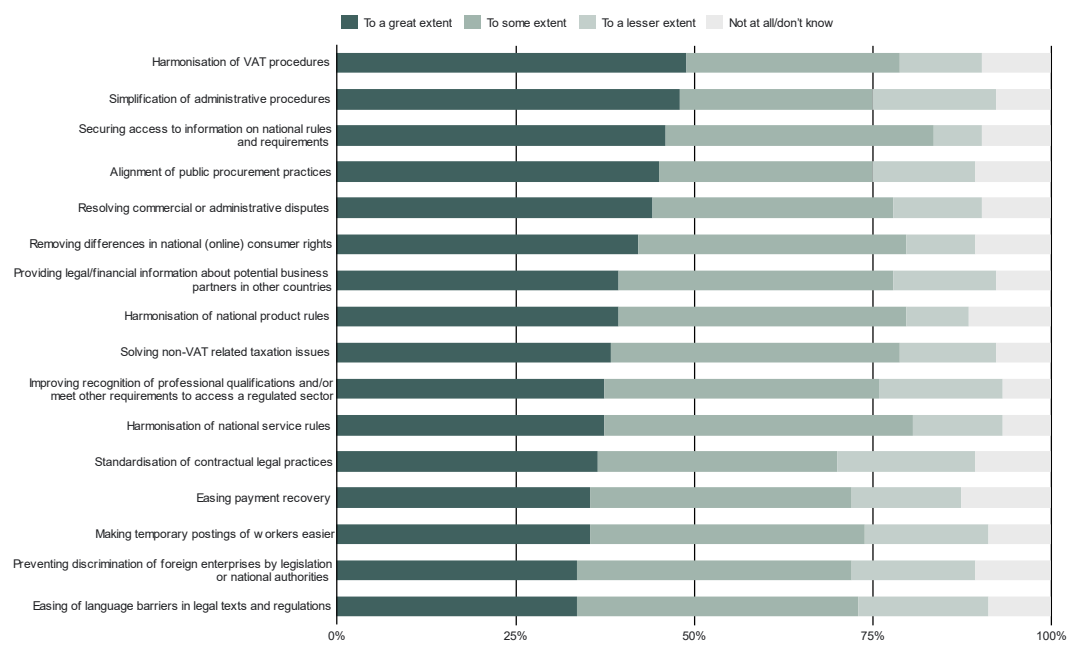
Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'To what extent do regulatory barriers prevent your firm from doing more business in the Single Market?', n=105.

Figure 22: Policy initiatives can help SMEs to do more business in the Single Market



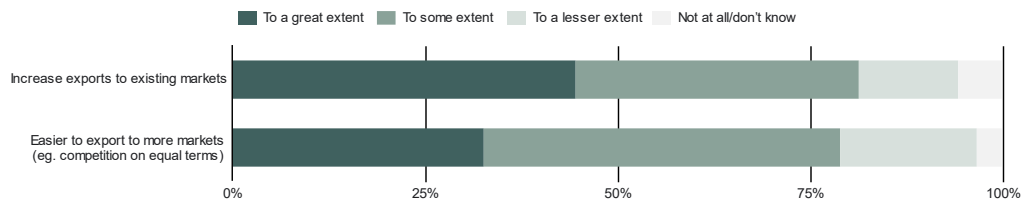
Source: Implement Economics based on a survey of 363 Belgian companies (see Appendix 1 for further details).
 Note: Response to question: 'To what extent would the following policy initiatives help your company do more business within Single Market?', n=242.

Figure 23: Policy initiatives that can help doing business in the Single Market, larger companies



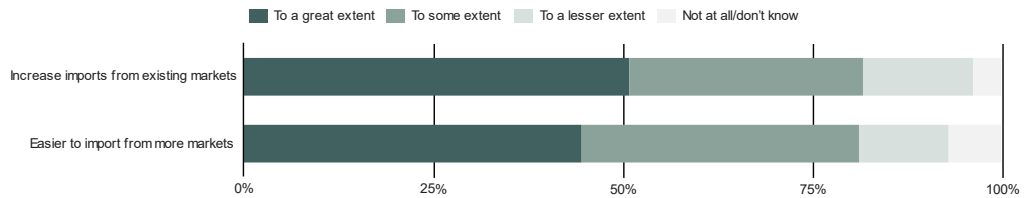
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'To what extent will the following policy initiatives help SMEs with doing business in the Single Market?', n=104.

Figure 24: Simple and harmonised regulation can help businesses export more, SMEs



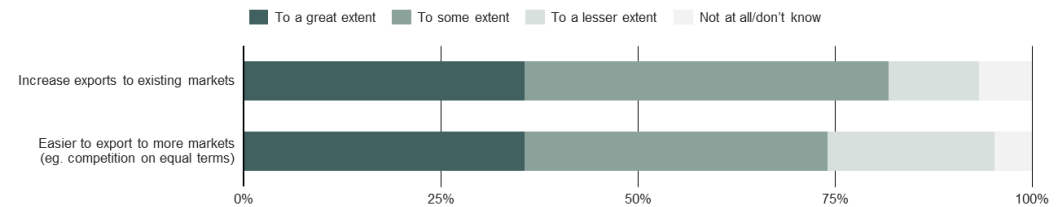
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'In your experience, to which extent would more simple and harmonised regulation of the Single Market can help your company export (import) more?', n=242 (240).

Figure 25: Simple and harmonised regulation can help businesses export more, SMEs



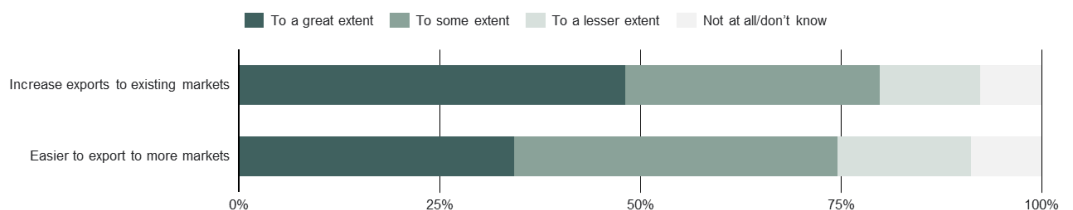
Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'In your experience, to which extent would more simple and harmonised regulation of the Single Market can help your company export (import) more?', n=242 (240).

Figure 26: Simple and harmonised regulation can help businesses export more, larger companies



Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'To what extent would it help your company to export more if all Member States implemented EU regulations at the same time and in the same way?', n=104.

Figure 27: Simple and harmonised regulation can help businesses import more, larger companies



Source: Implement Economics based on a survey of 363 Belgian companies.
 Note: Response to question: 'To what extent would it help your company to import more if all Member States implemented EU regulations at the same time and in the same way?', n=104.

List of endnotes

- ¹ European Commission (2023). *Enrico Letta on the Future of the Single Market*. European Commission press release 15 September 2023.
- ² European Commission (2023). *EU competitiveness beyond 2030: looking ahead at the occasion of the 30th anniversary of the Single Market*.
- ³ Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT_TEC01]*. Note, data is only available for intra-EU export. Therefore, the calculation excludes exports to Norway, Liechtenstein and Iceland.
- ⁴ World Bank Indicators at <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=BE>.
- ⁵ LE Europe (2017). *The EU Single Market: Impact on Member States*. The estimation results quantify the extent to which the levels of the outcome variables were higher in 2015 than they would have been in the absence of increased Single Market integration.
- ⁶ European Commission (2020). *A Single Market that Delivers for Businesses and Consumers*.
- ⁷ Food and Agriculture Organization (2020). *Integrated National Energy and Climate Plan for Belgium*.
- ⁸ Commission européenne (2023). *Enrico Letta, à propos de l'avenir du Marché unique*. Communiqué de presse de la Commission européenne du 15 septembre 2023.
- ⁹ Commission européenne (2023). *Compétitivité de l'UE au-delà de 2030 : se tourner vers l'avenir à l'occasion du 30e anniversaire du Marché unique*.
- ¹⁰ Eurostat (2023). *Commerce par activité de la NACE Rév. 2 et classe de taille d'entreprise [EXT_TEC01]*. Remarque : les données ne sont disponibles que pour les exportations intra-UE. Le calcul ne tient donc pas compte des exportations vers la Norvège, le Liechtenstein et l'Islande.
- ¹¹ Indicateurs de la Banque mondiale sur <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=BE>.
- ¹² LE Europe (2017). *The EU Single Market: Impact on Member States (Le Marché unique de l'UE : impact sur les États membres)*. Les résultats de l'estimation quantifient la mesure selon laquelle les niveaux des variables de résultats étaient plus élevés en 2015 qu'ils ne l'auraient été en l'absence d'une intégration accrue du Marché unique.
- ¹³ Commission européenne (2020). *Un Marché unique qui œuvre en faveur des entreprises et des consommateurs*.
- ¹⁴ Organisation des Nations unies pour l'alimentation et l'agriculture (2020). *Plan national intégré énergie-climat de la Belgique*.
- ¹⁵ Europese Commissie (2023). *Enrico Letta over de toekomst van de interne markt*. Persbericht van de Europese Commissie van 15 september 2023.
- ¹⁶ Europese Commissie (2023). *Het concurrentievermogen van de EU na 2030: vooruitblik ter gelegenheid van de 30e verjaardag van de interne markt*.
- ¹⁷ Eurostat (2023). *Handel naar sector van economische activiteit (NACE Rev. 2) en grootteklasse van de onderneming [EXT_TEC01]*. Opmerking: er zijn alleen gegevens beschikbaar voor de export binnen de EU. Daarom is de export naar Noorwegen, Liechtenstein en IJsland buiten beschouwing gelaten bij de berekening.
- ¹⁸ Indicatoren van de Wereldbank op <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=BE>.
- ¹⁹ LE Europe (2017). *The EU Single Market: Impact on Member States*. De geschatte resultaten kwantificeren de mate waarin de niveaus van de uitkomstvariabelen in 2015 hoger waren dan ze zouden zijn geweest zonder de toegenomen integratie van de interne markt.
- ²⁰ Europese Commissie (2020). *A Single Market that Delivers for Businesses and Consumers*.
- ²¹ Voedsel- en Landbouworganisatie (2020). *Geïntegreerd Nationaal Energie- en Klimaatplan voor België*.
- ²² OECD (2022). *Trade in goods and services*.
- ²³ See <https://www.epcsummit2023.md/president-maia-sandus-message-regards-organisation-epc-summit>.
- ²⁴ LE Europe (2017). *The EU Single Market: Impact on Member States*.
- ²⁵ In Belgium, 23% of all jobs depend on Intra-EU exports (European Commission (2018). *EU export to the EU: Effects on employment and income*) and another 22% depend on extra-EU exports (European Commission (2021): *EU exports to the world: effects on employment*), according to the newest publications.
- ²⁶ European Commission (2018). *EU export to the EU: Effects on employment and income*. Here using the share of jobs supported by intra-EU exports, as no estimate exists for the Single Market.
- ²⁷ OECD (2023). *X – TEC by partner countries and size-class [TEC3_REV4]*.
- ²⁸ OECD (2023). *FDI statistics by partner country and by industry – Summary [BMD4]*.

- ²⁹ Eurostat (2023). *Population on 1 January by age group, sex and country of birth [MIGR_POP3CTB]* and Eurostat (2023). *EU and EFTA citizens who are usual residents in another EU/EFTA country as of 1 January [MIGR_POP9CTZ]*. No datapoint exist for Malta, Cyprus, and Estonia in the last source, implying that Spaniards living in these countries are not included.
- ³⁰ The sources behind the infographic include the following: Overall benefits: LE Europe (2017). *The EU Single Market - Impact on Member States*; Trade: Eurostat [TEC3_REV4], [LFSI_EMP_A] and WKO (2023). *30th Anniversary of the Single Market – An unfinished milestone of integration*; Investment: Eurostat [FATS_OUT2_R2], [FATS_G1A_08], OECD [FDI statistics according to Benchmark Definition 4th Edition (BMD4)] and lastly Mobility: Eurostat [MIGR_POP3CTB], [MIGR_POP9CTZ]. Note: intra-EU export-supported jobs are estimated using data on export to the Single Market from WKO (2023) and the assumption used in WKO (2023) stating that every billion exported secures around 10,000 jobs.
- ³¹ European Commission (2023). *2023 SME COUNTRY FACT SHEET – BELGIUM*.
- ³² European Commission (2023). *2023 SME COUNTRY FACT SHEET – BELGIUM*.
- ³³ European Commission (2022). *Internal Market, Industry, Entrepreneurship and SMEs*.
- ³⁴ WTO (2016). *Levelling the Trading Field for SMEs*.
- ³⁵ USITC (2019). *U.S. SME Exports: Trade-related Barriers Affecting Exports of U.S Small and Medium-sized Enterprises to the United Kingdom*.
- ³⁶ HBS (2018). *25 Years of the European Single Market*.
- ³⁷ Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT_TEC01]*. Note, data is only available for intra-EU export. Therefore, the calculation excludes exports to Norway, Liechtenstein and Iceland.
- ³⁸ BEUC (2022). *Making the most of EU Advance Purchases of Medicines*.
- ³⁹ European Commission (2022). *Questions & Answers on Vaccine Negotiations*.
- ⁴⁰ European Commission (2022). *Safe COVID-19 Vaccines for Europeans*.
- ⁴¹ European Council (2022). *EU Sanctions against Russia Explained*.
- ⁴² Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 71). Oxford Academic.
- ⁴³ European Commission (2022a). *Negotiations and Agreements*.
- ⁴⁴ WTO (2022). *Regional Trade Agreements Database*.
- ⁴⁵ European Commission (2022). *EU Trade Agreements: Delivering for Europe's Businesses*.
- ⁴⁶ Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 23). Oxford Academic.
- ⁴⁷ Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 63). Oxford Academic.
- ⁴⁸ The number of products is measured at the HS 6-digit level.
- ⁴⁹ European Commission (2021). *Strategic Dependencies and Capacities*.
- ⁵⁰ The response categories used in this survey questions are from a survey commissioned by Business Finland and conducted by Implement Consulting Group, see Implement Consulting Group (2022). *Impact study on economic growth*.
- ⁵¹ The response categories used in this survey questions are based on the business survey from Eurochambres (2020). *The State of the Single Market: Barriers and Solutions*.
- ⁵² European Commission (2023). *EU Competitiveness beyond 20430: Looking ahead at the Occasion of the 30th Anniversary of the Single Market*.
- ⁵³ Eurochambres (2019). *The State of the Single Market: Barriers and Solutions*.
- ⁵⁴ European Commission (2020). *Single Market Scoreboard*.
- ⁵⁵ The country-of-origin principle states that, where an action or service is performed in one country but received in another, the applicable law is the law of the country where the action or service is performed. Strengthening this principle ensures a regulatory regime that either provides full harmonisation of law or effectively applies country of origin principles based on a culture of trust among Member States and their administrations. This is necessary to address over-implementation and gold-plating. National authorities should fully respect the principle of mutual recognition and stop restricting market access based on national rules. Following this principle is important for the free movement of people and will pave the way for a full implementation of the Services Directive.
- ⁵⁶ De Streel et al. (2020). *The E-commerce Directive as the Cornerstone of the Internal Market, requested by the IMCO Committee*.
- ⁵⁷ Implement Consulting Group (2022). *Digital Decarbonisation – How the Digital Sector is Supporting Climate Action*.
- ⁵⁸ Implement Consulting Group (2022). *Digital Decarbonisation - How the Digital Sector is Supporting Climate Action*, commissioned by Google.
- ⁵⁹ See EUR-Lex (2018). *Regulation (EU) 2018/1807 of European Parliament and of the Council of 14 November 2018 on a framework for the free flow of nonpersonal data in the European Union*.

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- ⁶⁰ Kommerskollegium (2021). *Främja Dataöverföring och Datadelning genom ett Nytt Dataflödestest*.
- ⁶¹ European Parliamentary Research Service (2014). *The Cost of Non-Europe in the Single Market*.
- ⁶² European Commission (2020). *A Single Market that Delivers for Businesses and Consumers*.
- ⁶³ The calculations are based on European Commission (2020). *A Single Market that Delivers for Businesses and Consumers*. We applied the Belgian share of total Intra-EU trade to get a country-level estimate for the growth potential in goods and services trade in Belgium from Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT_TEC01]*.
- ⁶⁴ Implement Economics calculation based on LE Europe (2017). *The EU Single Market: Impact on Member States*, European Commission (2020). *A Single Market that Delivers for Businesses and Consumers*, and Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT_TEC01]*.
- ⁶⁵ European Commission (2021). *Better Regulation' Toolbox 2021* (Ch.1).
- ⁶⁶ Non-paper of Croatia, Czechia, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Malta, The Netherlands, Poland, Portugal, Slovakia, Slovenia and Sweden on a new horizontal Single Market Strategy.
- ⁶⁷ European Commission (2023). *Draft update of the Belgian National Energy and Climate Plan*.
- ⁶⁸ De Melo, J. and J-M Solleder (2019). *The Role of an Environmental Goods Agreement in the Quest to Improve the Regime Complex for Climate Change*.
- ⁶⁹ Implement Consulting Group (2023). *A European Green Single Market*.
- ⁷⁰ Wind Europe (2022). *WindEurope Panel at COP27: Permitting, Permitting, Permitting*.
- ⁷¹ Implement Consulting Group (2023). *A European Green Single Market*.
- ⁷² Implement Consulting Group (2024). *Extended Producer Responsibility in the EU*.
- ⁷³ European Commission (2017). *Modernising VAT for E-commerce: Question and Answer*.
- ⁷⁴ European Commission (2022). *VAT in the Digital Age: Final Report, Volume 3: Single Place of VAT Registration and Import One-Stop Shop* (p. 41).
- ⁷⁵ VVA (2018). *Study for the Introduction of an E-labelling Scheme in Europe*. DigitalEurope.
- ⁷⁶ European Commission (2021). *Simplification and Digitalisation of Labels on Chemicals*.
- ⁷⁷ Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT_TEC01]*. Note, data is only available for intra-EU export. Therefore, the calculation excludes exports to Norway, Liechtenstein and Iceland.

