

REPORT

# The Single Market at full potential

11 recommendations to make Austria and Europe more resilient,  
sustainable and prosperous



This report *The Single Market at full potential – 11 recommendations to make Austria and Europe more resilient, sustainable and prosperous*, published in October 2023, lists **11 specific and impactful policy initiatives** to boost the effective functioning of the Single Market.

Combined, the 11 recommendations provide a roadmap for a stronger and more united Single Market, leaving the detailed policy development and implementation to the responsible EU institutions.

Based on a survey, interviews and a detailed literature survey, this report gives a voice to Austrian SMEs on the challenges they experience when doing business in the Single Market and the policy solutions that would help them use the Single Market as a platform for scaling up and building the muscles to compete globally.

The overall work was commissioned by Amazon and conducted by Implement Consulting Group as an independent assessment of how further integration of the European Single Market can support growth and resilience in Austria.

As part of the study, a survey was conducted by KMU Forschung Austria ([www.kmuforschung.ac.at](http://www.kmuforschung.ac.at)). KMU Forschung has also conducted interviews with Austrian SMEs to identify both the challenges and the solutions called for by the SMEs.

We are grateful for the valuable support and input of Wirtschaftskammer Österreich, Austrian Federal Economic Chamber.

## Executive summary

On its 30<sup>th</sup> anniversary, the Single Market is still seen as the engine of the EU's society and economy. Further reduction of barriers and integration, particularly a renewed focus on enforcing existing Single Market rules and removing Member State-level barriers, is essential for the Single Market to remain the key driver of EU's competitiveness.<sup>1</sup> EU leaders therefore marked the conclusion of the Swedish Presidency with a call for an independent High-Level Report on the future of the Single Market.<sup>2</sup>

This call echoes the **call for action from Austrian SMEs**, which point to the need for simplified and streamlined EU policies to fully unlock the potential of the Single Market. Based on a survey of more than 475 Austrian SMEs, interviews and a detailed literature survey, this report provides an Austrian perspective on how an ambitious reboot of the Single Market can help SMEs scale up and develop the muscles to compete globally. Key conclusions are:

- **Simplified and streamlined policies can unlock potential** | Differing regulatory requirements are cited as the most critical barrier to Austrian SMEs doing more business in the Single Market. 88 percent of the SMEs assess that regulatory barriers increase their costs, 73 percent experience lower profits and 70 percent say that regulatory differences erode their competitiveness. Austrian SMEs confirm that drawing a red line against red tape will increase intra-EU exports, make it easier to source within the Single Market and reduce barriers to engaging in public procurement across borders in the Single Market. This will stimulate growth and job creation in Europe.
- **Accelerated use of digital tools will spur on exports** | Digitalisation plays a vital role in driving growth, generating job opportunities and contributing to a sustainable future. Austria is ranked just above the EU average in terms of digital performance and far behind the digital frontrunners globally. 89 percent of the Austrian SMEs believe that the greater use of digital tools can help their company sell more in the Single Market, calling for an improved digital infrastructure, more digital public services and a larger pool of available human capital as policy initiatives that can help them become more digital.
- **11 recommendations for an ambitious reboot of the Single Market** | The business cases in this report confirm that the policy initiatives 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 Austrian SMEs do more business via the Single Market. The 11 specific and impactful policy initiatives to strengthen the effective functioning of the Single Market presented to the Swedish EU Presidency in November 2022 are therefore also highlighted in this report.

## Set a bold and ambitious vision for the Single Market

Since Austria became a member of the EU in 1995, the Single Market has permanently increased Austrian GDP per capita by 2.6 percent, created 105,000 jobs and increased citizens' purchasing power by EUR 1,100.<sup>3</sup> The establishment of the Single Market created a need 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 based on 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 among members. We also urge the Commission to take specific steps to ensure that existing EU regulations do not place unnecessary burdens on SMEs.

<p><b>1.</b> Adopt an ambitious Single Market strategy</p>	<p><b>ABS Transportbahnen</b> specialises in the manufacturing of inclined lifts and funiculars. In the company's experience EU countries, as well as autonomous provinces, have different legal definitions for lift systems and thus different product and safety requirements. Administrative tasks related to the diverging national and sub-national regulations account for approximately 5–15 percent of the company's total project costs. A fully integrated Single Market will significantly cut costs and help the company grow.</p>
<p><b>2.</b> Strengthen SOLVIT by establishing a Single Market ombudsman in every EU Member State and commit to SOLVIT being more proactive on structural cases and raising awareness</p>	<p><b>Fülöp Essenzen</b> produces and sells energising essences and sprays. The company faces difficulties obtaining clear and accurate information about local requirements, and staying up to date on requirements is time-consuming and costly. A strong and proactive SOLVIT network could help the SME become more aware of its rights and opportunities, and having a single point of up-to-date, comprehensive information on national requirements will enable Fülöp Essenzen to export to new countries more easily.</p>
<p><b>3.</b> Conduct a data flow test of all existing and new EU regulations</p>	<p><b>Lettvint</b> is a one-person business, offering business advisory services in the areas of change processes and problem-solving, team and business coaching, as well as communications strategy. Lettvint faces considerable uncertainty and information barriers on data protection requirements at the national and sub-national levels in other EU countries. A "data flow test", obliging national and EU legislators and regulators to systematically assess the potential disproportionateness of their data protection requirements would be a first step forward, coupled with increased harmonisation and better and more proactive information access points.</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 expected to permanently increase Austria's GDP per capita by 0.6 percent, and the increased production of goods and services can support 24,000 jobs per year.<sup>4</sup>

We propose that the European Commission take new initiatives to close the gap regarding compliance with existing regulations and use the Better Regulation Toolbox to ensure that new EU regulations are designed in a way that is easy to implement and works for SMEs.

<p><b>4.</b> Upgrade the European Semester to include recommendations on how to harmonise the implementation of EU regulations and close the compliance gap</p>	<p><b>Kräutermax</b> is a company that trades in herbs, natural cosmetics and food supplements. Member States have different interpretations of whether Kräutermax's products classify as food supplements (under EU regulations) or pharmaceuticals (under national regulations). This 'grey area' creates significant uncertainty for the SME and leads to regulatory fragmentation. Limiting these ambiguities is a precondition for ensuring the correct and even application of EU regulations and eventually closing the compliance gap, which is required to lower entry costs and enable SMEs, such as Kräutermax, to expand across the EU.</p>
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<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><b>Bosch + Sohn</b> specialises in the development and production of medical devices. Costs associated with product approval have at least doubled compared to prior to the new EU Medical Devices Regulation (MDR). Simplifying approval procedures and increasing the number of Notified Bodies would help ensure that the MDR meets its objectives of guaranteeing patient safety and product availability while fostering a sustainable and attractive medtech innovation landscape in Europe.</p>
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## Create a green and circular Single Market

By 2030, Austria aims to generate 100 percent of its electricity from renewable energy sources with one million roofs producing solar power, all built in Austria, with a EUR 260 million investment to be covered in the next two years.<sup>5</sup> Trade is necessary for innovation and reducing the costs of the green and digital transition. Regulatory barriers make the green transition more costly for countries such as Austria and risk slowing it down.

In this study, we offer a roadmap that outlines an iterative approach to mapping and removing barriers to trade in climate goods and services within the Single Market. In terms of specific initiatives, we are bringing forward the request from Austrian SMEs to design the European Digital Product Passport in a way that makes it easier for SMEs to become more circular and comply with new EU regulations.




<p>6. Map and remove regulatory barriers to trade in climate goods and services within the Single Market</p>	<p><b>Austria Metal Trading (AMT)</b> specialises in the wholesale of metal products, including structural components for large photovoltaic (PV) plants. AMT needs to apply for additional national certification for some of its products to be used and/or applied in other EU countries. The costs associated with these national certification requirements are prohibitively high for a relatively small company like AMT, which makes some markets inaccessible or may require the establishment of a subsidiary in the relevant country.</p>
<p>7. Design the European Digital Product Passport in a way that makes it easier for businesses to become more circular</p>	<p><b>Cogvis</b> is an Austrian technology company, specialising in the development of a smart care solution called cogvisAI. It can be difficult to obtain relevant product information, and in particular information relating to the Digital Product Passport (DPP) proposal, from suppliers can be very difficult to obtain. This applies especially to suppliers outside of Europe. The DPP should be designed in a way that takes into consideration the resources required for gathering detailed information along the entire value chain, and therefore should only require data that is considered relevant for meeting sustainability objectives.</p>

## Use digital tools to reduce costs and lay the foundations for growth

In the experience of the Austrian 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. Austrian SMEs encourage the Commission to apply digital tools and solutions that lower the costs of collecting, updating and utilising information.

<p>8. Create a one-stop shop for the Extended Producer Responsibility (EPR) systems of Member States</p>	<p><b>Trade Post 47</b> sells a range of scientific fiction merchandise, mostly to Germany and Austria, although the company aims to expand across the EU. The complex and heterogeneous EPR requirements make expansion difficult. It is both difficult and costly to obtain the correct information regarding national EPR requirements, and the different packaging and electronics disposal fees paid upfront are disproportionately expensive for SMEs selling small volumes. The creation of a digital one-stop shop for EPR can facilitate single EPR registration and reporting and serve as a centralised, up-to-date information portal for EPR requirements across all Member States.</p>
<p>9. Create a single VAT ID and extend the VAT one-stop shop</p>	<p><b>Amalix</b> is a small retailer, selling products through the Amazon Fulfilment by Amazon (FBA) programme. Amalix faces considerable costs related to VAT registration, as FBA warehouses are not covered by the current VAT one-stop shop, with separate VAT registration being required in each country that the company wants to sell to and send shipments from. VAT registration for multiple warehouse locations is time-consuming and costly, therefore presenting a challenge for Amalix where its expansion in the EU is concerned.</p>
<p>10. Recognise digital labelling as a true substitute for physical labelling</p>	<p><b>Fellinger Arbeitsschutz</b> specialises in occupational safety products, with sales in Austria and Germany. The requirement for local languages on the product packages, detailing how the packaging is to be disposed of correctly, for example, entails high costs for SMEs such as Fellinger Arbeitsschutz. In addition, businesses need to source a local company to validate the packaging, which can cost up to EUR 500 per year and requires significant effort.</p>
<p>11. Create conditions for developing easy, fast, reliable and low-cost cross-border payment methods for both euro and non-euro payments</p>	<p><b>Speedinvest Pirates</b> is a growth partner for startups, offering various services, from branding and growth marketing to sales and pricing, to help startups reach their growth goals. Speedinvest Pirates observes inefficiencies and challenges in the cross-border payment infrastructures for European firms. Currently, the cross-border payment options available are dominated by a limited number of financial services corporations, charging high fees to merchants. Creating conditions for the development of low-cost cross border payment systems will help ensure that consumers and merchants can do business with confidence across borders inside the Single Market at low cost.</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.</p> <p>The establishment of the Single Market generated 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 across borders 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> Since Austria became a member of the EU in 1995, the Single Market has permanently increased Austrian GDP per capita by 2.6 percent, created 105,000 jobs and increased citizens' purchasing power by EUR 1,100.</p> <p> Standardisation and regulatory harmonisation benefit SMEs, as 79 percent of Austrian SMEs' total exports are destined for the Single Market.</p> <p> The focus in this report is on the Single Market, but it is crucial that the EU continues to leverage the Single Market in the external dimension as well, particularly when it comes to negotiating further EU trade agreements.</p>

## The Single Market opens up Europe to businesses and citizens

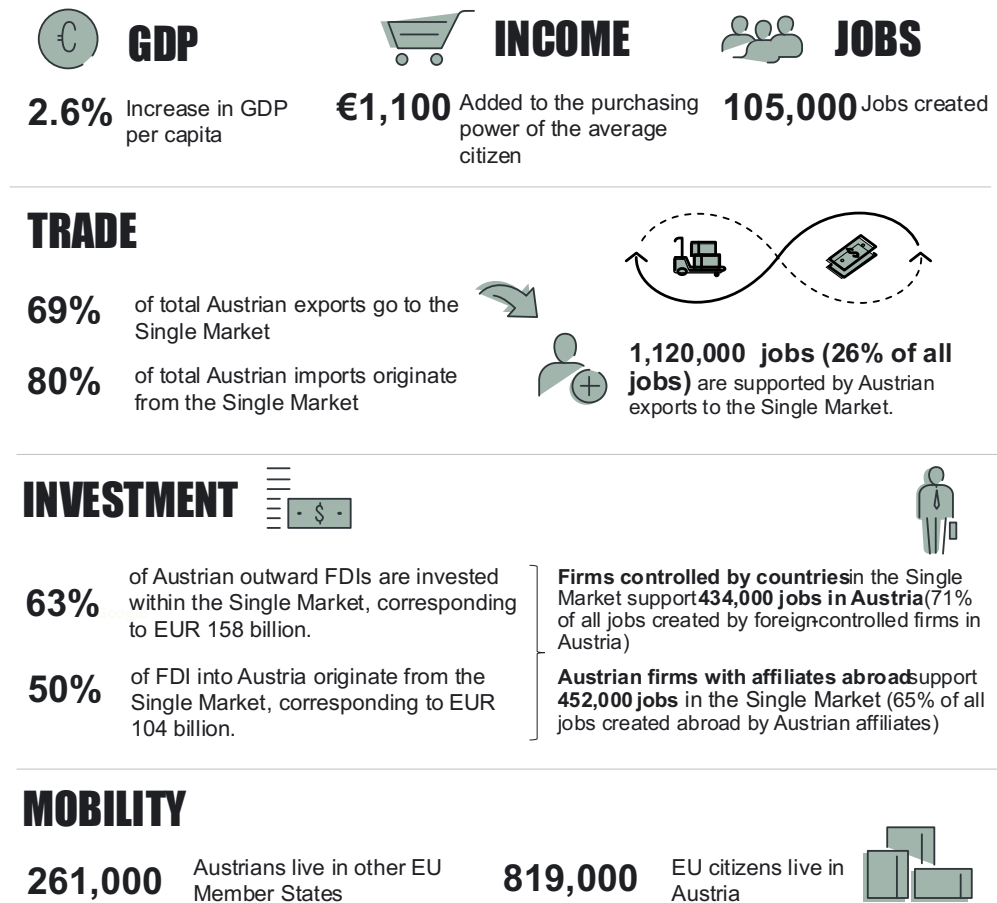
The Single Market is designed to enable goods, services, capital and people to move freely across countries by removing border regulation, custom duties and tariffs. It consists of the 27 EU Member States and the four EFTA Member States (Iceland, Liechtenstein, Norway and, to a certain extent, Switzerland). The Single Market is the world's largest trader of both goods and services<sup>6</sup>, and its significance will grow if the ambitions of the European Political Community to accept new member countries into the EU are realised.<sup>7</sup>

Access to the Single Market allows Austrian firms to specialise and export goods and services for which they have a comparative advantage. Also, Austrian consumers benefit from having access to a variety of goods and services imported at lower prices. Integration with the Single Market – from when Austria became a member in 1995 until 2015 – permanently increased Austrian GDP per capita by 2.6 percent compared to a situation without an increase in integration. Similarly, Single Market integration has permanently created 105,000 jobs and increased citizens' purchasing power by EUR 1,100; see Figure 1.<sup>8</sup> If continued integration since 2015 is also considered, the economic benefits are likely to be even greater. Today, almost every second job in Austria directly or indirectly depends on trade<sup>9</sup>, and 26 percent of all jobs depend on trade with members of the Single Market<sup>10</sup>.

Today, more than 69 percent of Austria's total exports go via the Single Market and 80 percent of Austria's total imports originate from the Single Market, underlining the Single Market's importance for many Austrian firms – especially SMEs – where internationalisation is concerned.<sup>11</sup>

The free movement of capital has benefitted the Austrian economy overall. Today, 50 percent of foreign direct investments (FDI) in Austria originate from members of the Single Market, corresponding to a total stock of inward FDI of EUR 104 billion. Likewise, 63 percent of all Austrian outward FDI are invested in members of the Single Market.<sup>12</sup> Similarly, the free movement of people has made it easier to live abroad, with 261,000 Austrians currently living in other EU countries and 819,000 EU citizens living in Austria.<sup>13</sup>

**Figure 1: Austrian workers and consumers benefit from the Single Market<sup>14</sup>**



**The Single Market is a platform for SMEs to scale up and mature**

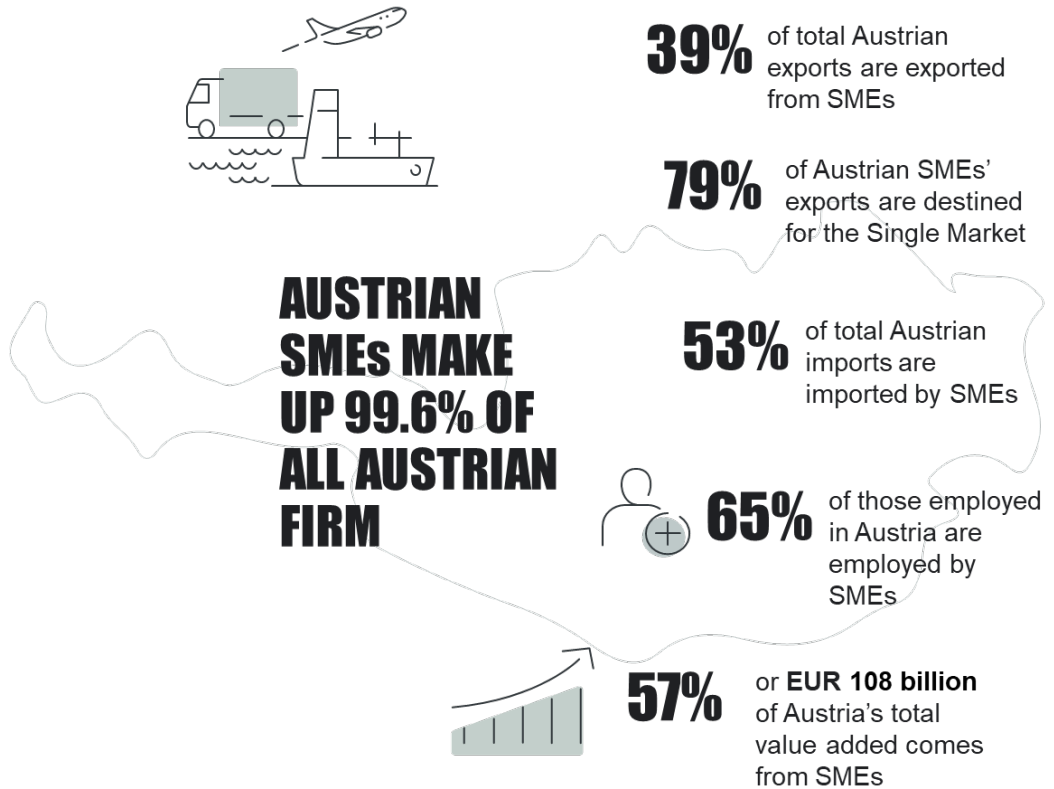
SMEs form the backbone of the Austrian economy, accounting for 99.6 percent of all firms and 57 percent of the country's GDP.<sup>15</sup> These SMEs account for 65 percent of Austria's total employment<sup>16</sup> and are key drivers of innovation, as they bring innovative solutions to global challenges such as climate change<sup>17</sup>.

SMEs generally have fewer resources and less 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 magnitude of cross-border activity, and SMEs tend to use a larger share of their resources to manage trade barriers.<sup>18,19</sup>



Standardisation and regulatory harmonisation are therefore particularly beneficial for SMEs striving to scale up and enter new markets, access European value chains and boost their international competitiveness.<sup>20</sup> SMEs account for 39 percent of total Austrian exports, and 79 percent of the SMEs' total exports are destined for the Single Market.<sup>21</sup>

**Figure 2: Austrian SMEs gain from access to the Single Market**



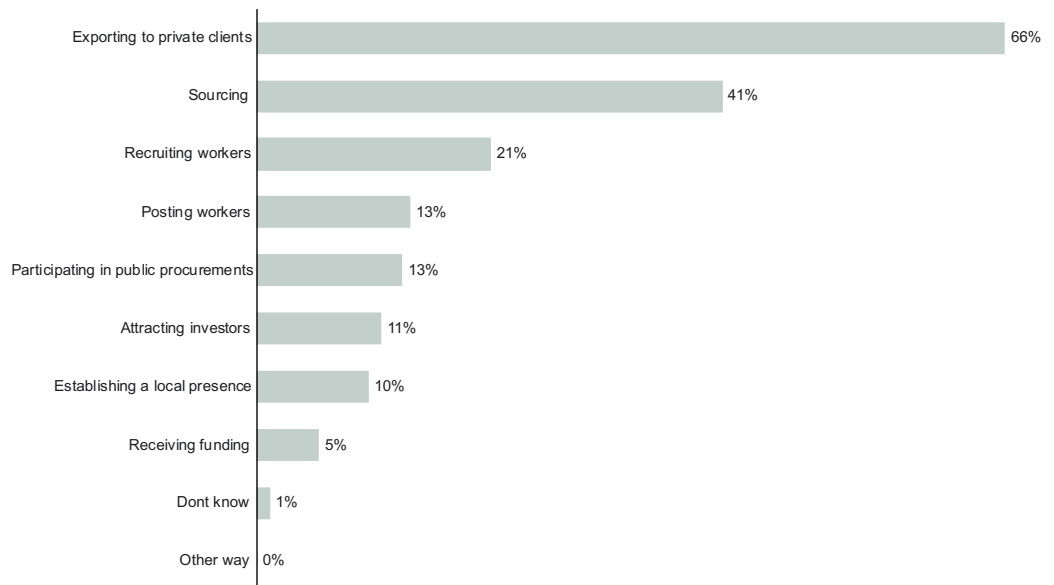
Note: SMEs are defined as enterprises with less than 250 employees.

Among the SMEs that participated in the survey, 97 percent state that access to the Single Market is important to their business. 68 percent say that the Single Market has a high degree of importance, while 30 percent consider that doing business in the Single Market has some or little importance; see Figure 16 Annex 1.

The SMEs in the survey mainly export to private businesses and individuals (66 percent) or source (41 percent) from other firms in the Single Market; see Figure 3. Other activities include recruiting workers (21 percent), posting workers (13 percent) and participating in public procurements (13 percent).

This report aims to demonstrate how European policy makers and the next Commission can continue to simplify, harmonise and standardise EU regulations for 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 Austrian SMEs.

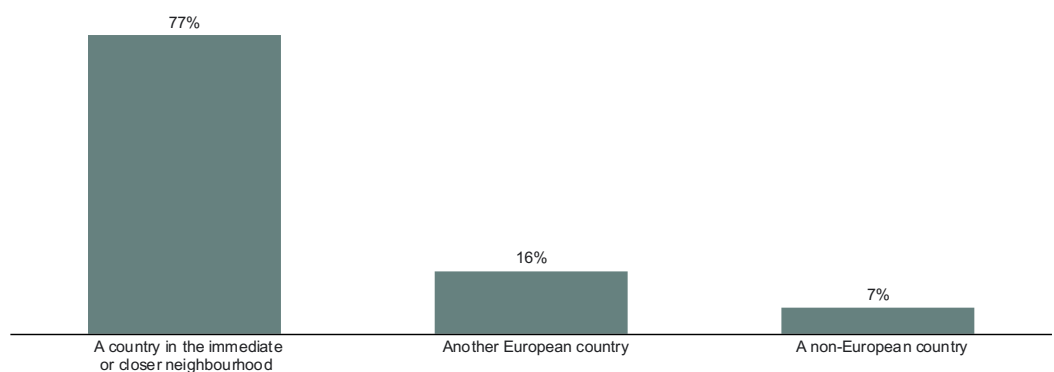
**Figure 4: Austrian SMEs mainly use the Single Market for exporting and sourcing**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "In which way does your company convey business in the Internal Market? You may select multiple options", n=439.

One indicator of the continued potential of Austrian SMEs to grow their business in the Single Market is their current export pattern. On average, 77 percent of the SMEs' exports are destined for a country that is an immediate or close neighbour of Austria, and 16 percent are exported to other European countries.

**Figure 5: Austrian SMEs mainly export to neighbouring countries**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "What share of your company's exports is destined for the markets listed below? Please enter % share as a whole number and make sure that the total adds up to 100", n=303. Immediate or close neighbours include Germany, the Czech Republic, Slovakia, Hungary, Slovenia, Italy, Switzerland and Liechtenstein. The figure reflects the average share of the exporting respondents'/SMEs' exports destined for the three categories.

## The Single Market secures leverage and a global voice

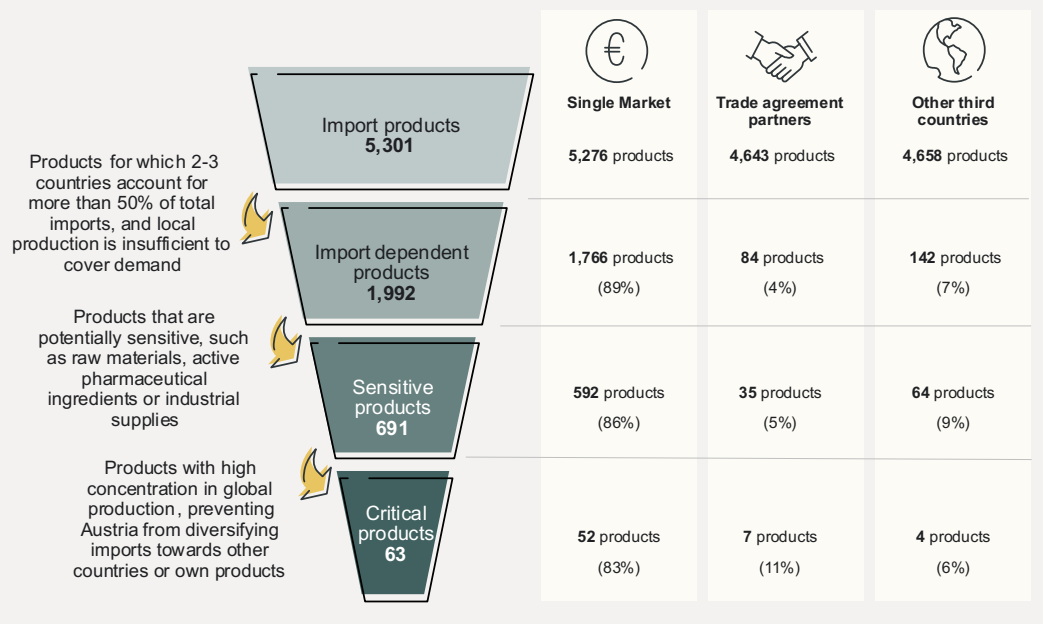
The Single Market has not only stimulated prosperity for Austria by facilitating more value-creating interactions between its member countries. The size of the Single Market makes the EU an attractive partner for trade agreements and gives its members leverage so they can push for a more sustainable future. Examples include:

- **Manoeuvring through global health crises** | Centralising the procurement of vaccines at EU level gave Member States' better bargaining power and access to vaccines on a larger scale, in the required time frame, with good delivery conditions and a diversified pool of suppliers.<sup>22,23</sup> In total, the EU secured up to 4.2 billion doses of vaccines for EU citizens.<sup>24</sup>
- **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.<sup>25</sup>
- **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.<sup>26</sup> Austrian firms have access to 45 trade agreements with 78 countries, including the EFTA countries,<sup>27,28</sup> and no trading partner has more trade agreements than the EU.<sup>29</sup> 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.<sup>30</sup> 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.<sup>31</sup>
- **Balancing specialisation and resilience** | The Single Market enables Member States to specialise and import what others can produce better; see Figure 6. Austria currently imports 5,301 products. Where 1,992 of these are concerned, imports are concentrated to just two or three countries, and Austria'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, with trade taking place under regulated terms (1,766 products are imported within the Single Market and 84 from trade agreement partners). The remaining 142 products are imported from third countries, and negotiating trade agreements with these countries can help Austrian firms further diversify their imports and build more resilient global supply chains.

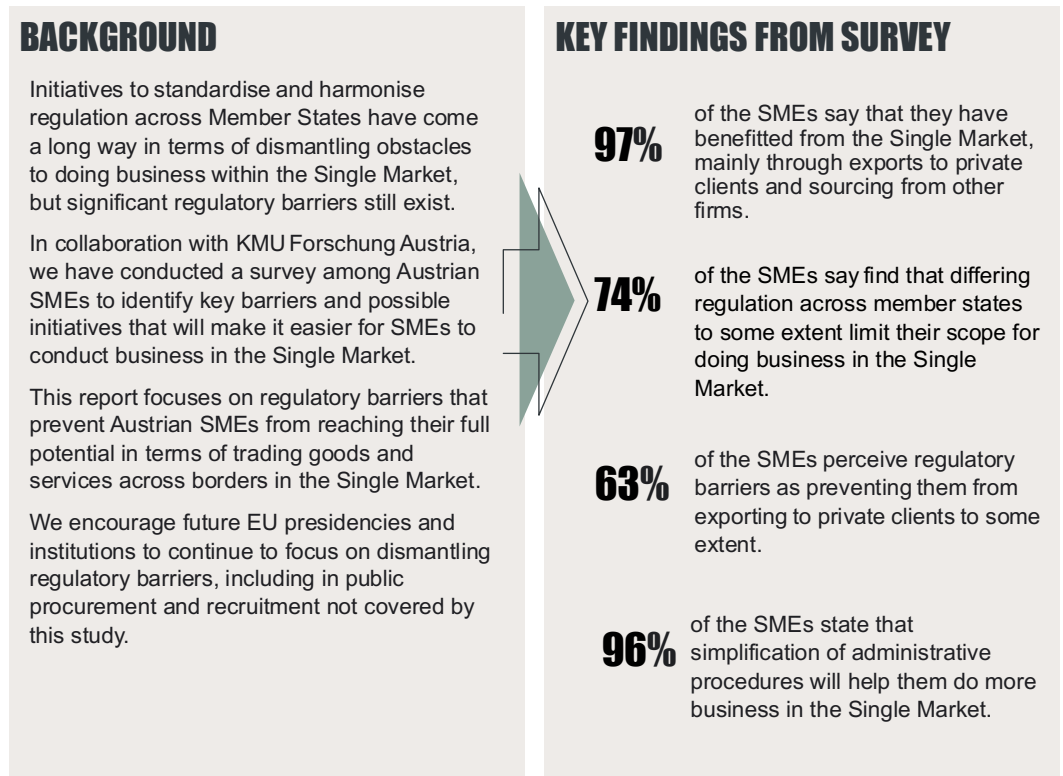
**Figure 6: The Single Market has enabled specialisation and helped build resilience<sup>32</sup>**

Austria imports a total of 5,301 products. Based on a methodology developed by the European Commission, we have assessed the import dependency of Austria based on three different definitions:

- **Import dependent products** | For products in this group, imports originate from 23 countries, and local production in Austria is insufficient to cover total demand. The high concentration of imports can expose Austrian importers to disruptions in supply from the trading partner (due to logistic challenges and production lockdowns, for example) 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 wellbeing of Austrian citizens (such as pharmaceutical ingredients) or for maintaining production (such as raw materials and intermediate goods). The sensitivity of these products adds to the exposure of the Austrian 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 3 countries). This means that Austria shares its import dependency with all other countries. In the event of supply interruptions, Austria (as well as all other countries) has very limited opportunities to redirect imports to other locations.



## 2 SMEs call for simpler regulation and increased digitization



### Austrian SMEs call for regulatory harmonisation and simplification

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

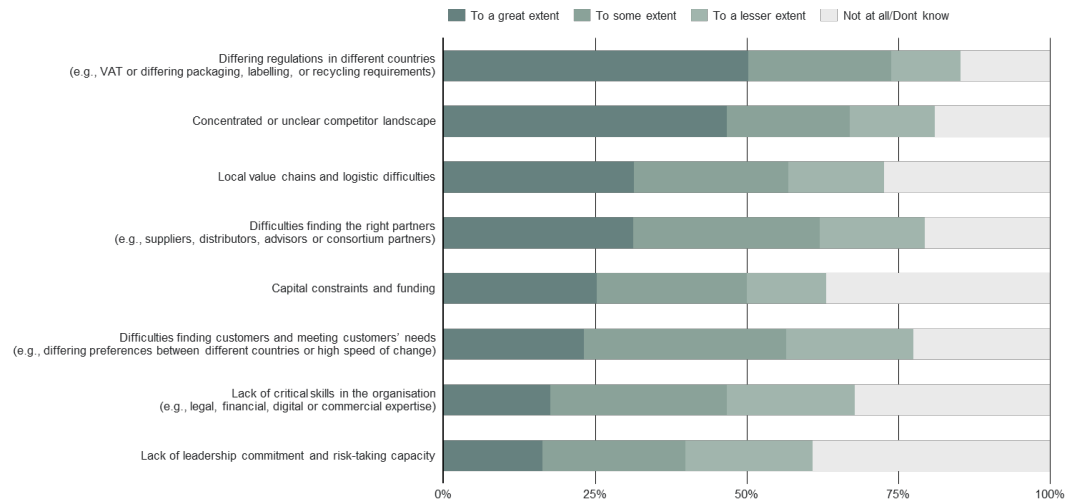
97 percent of the SME exporters say that it is important for them to do business in the Single Market, mainly through exports to private clients (businesses and individuals) and sourcing from other firms (see Figure 3 and Figure 15 Annex 1). Prospective SME exporters confirm that there is potential for them to benefit from the Single Market. 90 percent of these SMEs see potential for increasing their exports to private clients, 32 percent for sourcing from other companies, 13 percent for participating in public procurement and 10 percent for establishing a local presence in other countries that are members of the Single Market.

Differing regulations across Member States are considered by Austrian SMEs as being the most critical barrier. 50 percent of the SMEs say that this barrier greatly limits their scope for doing business via the Single Market (35 percent say that it is a critical barrier to some or a lesser extent); see **Figure 7**. Differing regulations constitute a more critical barrier to SMEs doing business in the Single Market than a concentrated or indistinct



competitor landscape (47 percent), or other traditional export barriers that are typically addressed at the national level through various export promotion and accelerator activities.<sup>33</sup>

**Figure 7: Critical barriers to doing business in the Single Market**

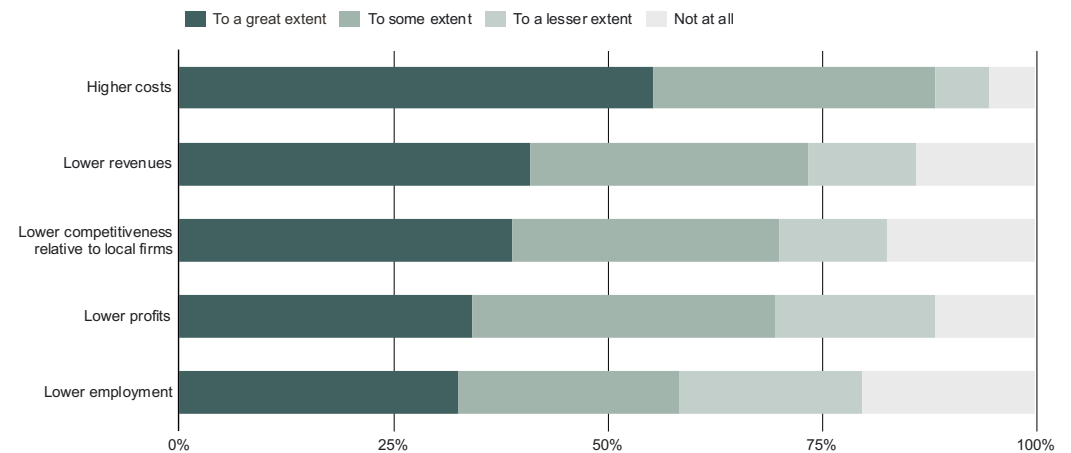


Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).

Note: Survey question: "What do you perceive as the most critical barriers to doing business within the Single Market?", n=405. No prospective exporters have answered this question, so it only represents exporting SMEs.

The SMEs assess that regulatory barriers increase costs (88 percent), lower their profits (73 percent), and erode their competitiveness relative to local firms (70 percent); see Figure 8.

**Figure 8: Consequences of regulatory barriers for exporting SMEs**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).

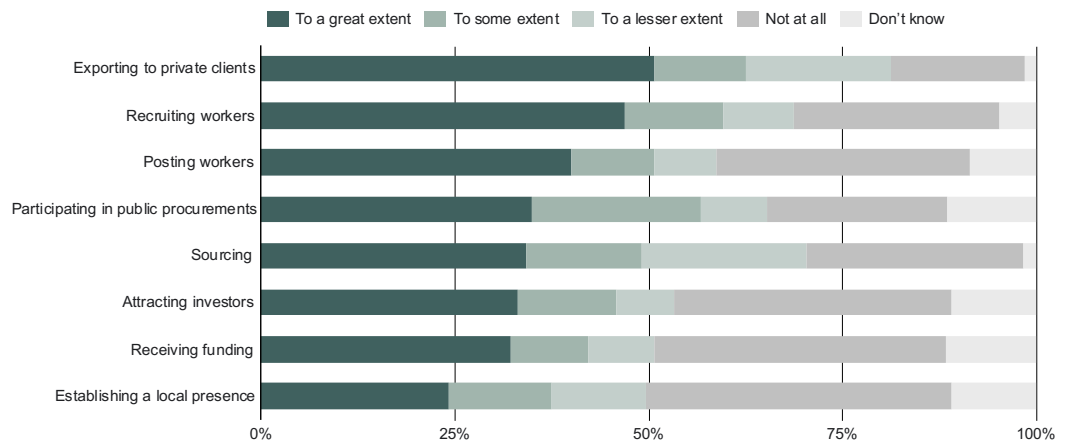
Note: Survey question: "What are the implications for your business of regulatory barriers to doing business within the Single Market?", n=332.

Consequently, the Austrian economy misses out on significant opportunities for generating more benefits for workers through greater job creation, better paid jobs and improved job security. In addition, consumers could benefit from reduced regulatory barriers through lower prices, improved product innovation and shorter delivery times.

63 percent of the SMEs find that regulatory barriers prevent them from exporting to private clients within the Single Market, and 60 percent find that regulatory barriers prevent them from recruiting workers; see Figure 9. Exporting to private clients is also an area in which 90 percent of prospective SME exporters see great potential for growing their business within the Single Market (see Figure 17 in Annex 1).

Moreover, 51 percent of the SMEs assess that regulatory barriers prevent them from posting workers while also limiting participation in public procurement and sourcing.

**Figure 9: Regulatory barriers prevent SMEs from doing more business in the Single Market**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "To what extent do regulatory barriers prevent your firm from doing more business in the Single Market?", n=382.

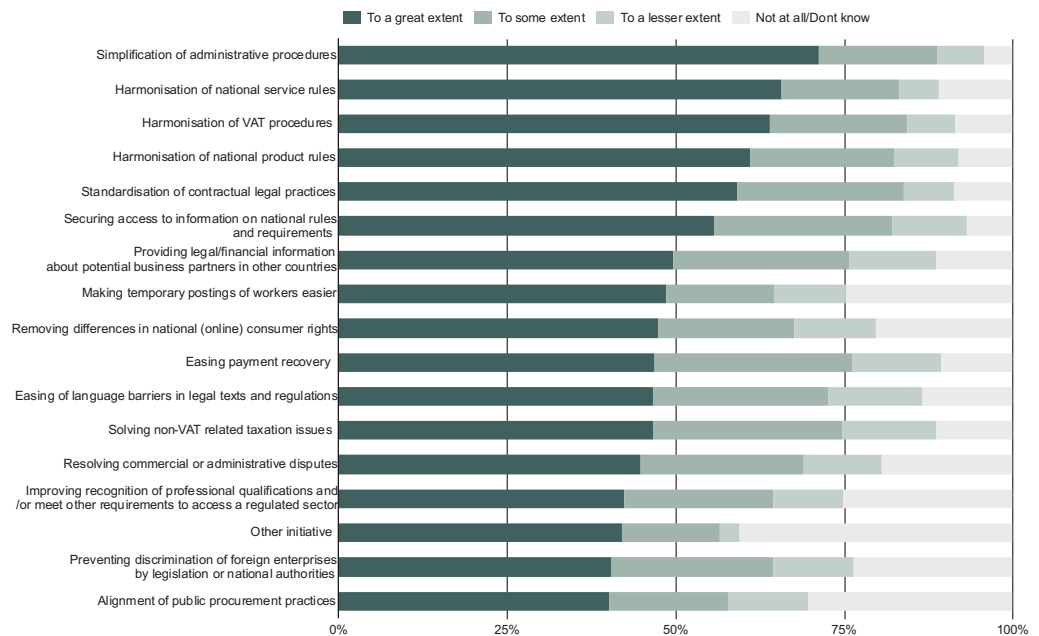
The SMEs identify several policy initiatives that can help reduce regulatory barriers.<sup>34</sup> 96 percent of the SMEs point to simplification of administrative procedures, of which 72 percent say that such an initiative would help them to a great extent to do more business via the Single Market. 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), business-oriented design of the European Digital Product Passport (recommendation #7) and the recognition of digital labelling (recommendation #10). More specifically, Austrian SMEs welcome the following initiatives to:

- **Harmonise VAT procedures** | This call for action from Austrian 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 regulations 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, therefore preventing further 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 for the Extended Producer Responsibility (EPR) systems of Member States (recommendation #8) will make information more accessible for Austrian SMEs.
- **Ease payment recovery** | Our recommendation to create conditions for developing easy, fast, reliable and low-cost cross-border payment methods (recommendation #11) also aims to ease payment recovery.

**Figure 10: Policy initiatives can help firms do more business in the Single Market**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "To what extent would the following policy initiatives help your firm do more business within the Single Market?", n=396.

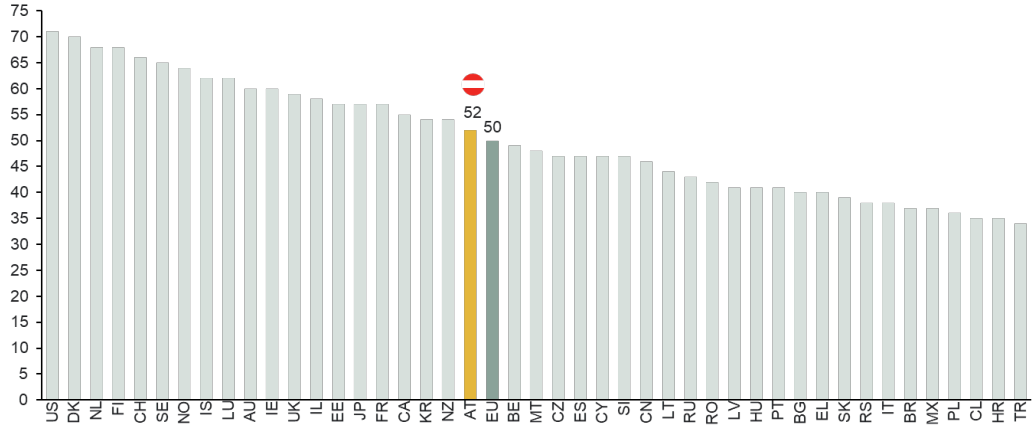
## Increased digitalisation can help SMEs improve their exports

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.<sup>35</sup> By embracing digital technologies, SMEs are in a better position to navigate international markets, streamline operations and enhance their export capabilities.

In the International Digital Economy and Society Index (I-DESI) from 2020, Austria is ranked just above the EU average (52 compared to 50) and far behind the digital frontrunners globally; see Figure 11. However, Austria is behind the digital frontrunners globally.

According to the updated figures for the EU, in the 2022 Digital Economy and Society Index (DESI), Austria receives a score of 55 (up from 54) and has slightly widened the gap to the EU average of 52 (down from 53) in the 2020 index.<sup>36</sup>

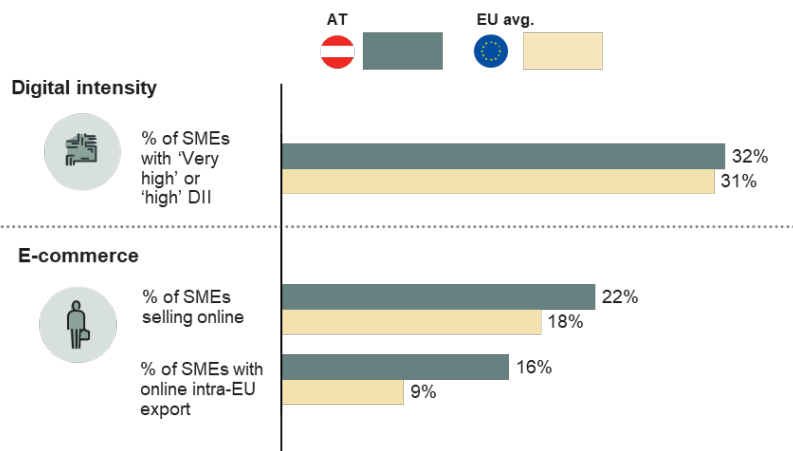
**Figure 11: The digital performance of Austria is just above the EU average**



Source: Implement Economics, based on data from the European Commission.  
 Note: The International Digital Economy and Society Index (I-DESI) is based on 24 indicators. The I-DESI score is calculated as a weighted average of the country's score for 24 different digital indicators within the five dimensions (digital skills, integration of digital technology, connectivity, use of internet, digital public services). The weighting reflects the priorities of digital policy in the EU. The I-DESI is the 2020 version.

In the Digital Intensity Index (DII), Austrian SMEs match the EU average; see Figure 12. Compared with other EU SMEs, Austrian SMEs appear more advanced in terms of their engagement in e-commerce sales, with 22 percent of Austrian SMEs selling online (EU average: 18 percent) and 16 percent engaging in online intra-EU exports (EU average: 9 percent).

**Figure 12: The performance of Austrian SMEs in applying digital tools<sup>37</sup>**

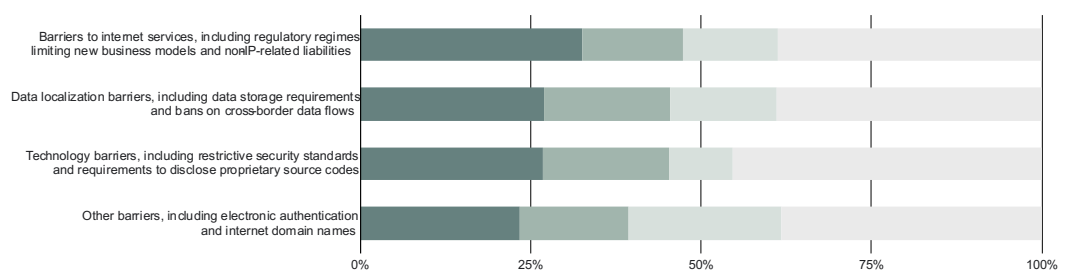


Source: Implement Economics, based on data from the European Commission on the application of digital tools.  
 Note: The Digital Intensity Index measures the use of different technologies by enterprises and reflects the extent to which enterprises are digitalised. The data points are only for SMEs, defined as companies with 10–249 employees.

In spite of their existing performance, 89 percent of the Austrian SMEs that participated in the survey believe that increased use of digital tools can help their company sell more via the Single Market, while 54 percent also believe that it can help their exports to a great extent; see **Figure 22 Annex 1**.

Austrian SMEs find that certain regulatory barriers prevent them from adopting more digital tools. The more restrictive ones are barriers to internet services (including regulatory regimes that limit the use of new business models and non-IP-related liabilities), data localisation barriers (including data storage requirements and bans on cross-border data flows) and technological barriers (including restrictive security standards and requirements to disclose proprietary source codes); see **Figure 13**.

**Figure 13: Regulatory barriers prevent SMEs from adopting digital tools**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "To what extent do the following barriers create regulatory obstacles that limit your company's adoption of digital tools?", n=221.

The SMEs find that there are several areas in which policy makers can help speed up digitalisation; see **Figure 14**. 41 percent of the SMEs say that more digital public services would help them become more digital, and almost an equal proportion indicate the potential of making integration of digital technologies easier for businesses. Likewise, 32 percent of the SMEs point out that improved digital infrastructure would help them become more digital.




**Figure 14: There are several areas in which policy makers can help SMEs become more digital**



Source: Implement Economics, based on a survey of 475 Austrian SMEs (see Annex 1 for further details).  
 Note: Survey question: "In which of the following areas can policy makers help your company become more digital?", n=406.



### 3 Set a bold and ambitious vision for the Single Market

<p><b>BACKGROUND</b></p>  <p>On the 30th anniversary of the Single Market, Europe has shown how much it can achieve, how ambitiously it can respond and how swiftly it can act when there is a shared sense of purpose and a unified approach.</p> <p>The Single Market is key to establishing an economy that works for people, securing a stronger Europe in the world and making it fit for the digital age – three of the six headline ambitions in the European Commission’s 2023 work programme.</p> <p>This study calls for all EU governments and the next European Commission to set a bold and ambitious vision for the Single Market to leverage the historic achievements of regulatory harmonisation.</p>		<p><b>SOLUTIONS</b></p>  <p><b>#1</b> Adopt an ambitious Single Market Strategy</p> <p><b>#2</b> Strengthen SOLVIT by establishing a Single Market ombudsman in every EU Member State and commit to SOLVIT being more proactive on structural cases and raising awareness.</p> <p><b>#3</b> Conduct a data flow test of all existing and new EU regulation.</p>
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#### 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.

*A long-term view of 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, offer attractive jobs and set global standards.<sup>38</sup>*

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 such as ABS Transportbahnen and Pfeifer Austria, as described in the business cases below.

## COMPLEX AND UNEVEN REGULATORY REQUIREMENTS DRIVE UP COSTS

ABS Transportbahnen is an Austrian subsidiary of Doppelmayr Group, founded in 1997. ABS specialises in the manufacturing of inclined lifts and funiculars, varying between 30 and 600 metres in length. The company operates internationally, although its main markets are Austria, Germany and Italy



### Call for action

Due to the fact that lift systems have long been automated, the regulations covering the construction and operation of inclined lifts are not as restrictive as the regulations for cable cars and funiculars. This means that inclined lifts can be operated at lower cost, as no permanent monitoring by safety personnel is required during operation, for example. However, ABS faces considerable fragmentation in national and sub-national legislation regarding their lift systems. Different countries, as well as autonomous provinces, have different legal definitions for these systems and thereby different product and safety requirements, which result in significant costs for the company.

***“We have to comply with diverging legal definitions and requirements in the different countries and autonomous provinces, which greatly increases our costs.”***

Stefan Huter, Chief Executive Officer at ABS Transportbahnen



### Potential

The diverging national and regional legislation increases administrative costs for ABS and constitutes a barrier to doing business across the EU. Currently, the company has to dedicate approximately 5 to 15 percent of total project costs to additional administrative tasks related to the diverging national and sub-national legislation concerning cableways and lift systems.

Regulatory simplification, harmonisation and the introduction of common standards will reduce costs and make it easier for SMEs such as ABS to make sales across the Single Market without incurring unnecessary regulatory costs.

## CONFIRMATION OF ARRIVAL REQUIREMENTS ON SHIPMENTS PLACE COSTS ON BUSINESSES

Pfeifer Austria is a subsidiary of the German Pfeifer Group, specialising in the manufacturing of a wide range of goods, predominantly chains and ropes, as well lifting technologies. The company supplies products, as well as the testing of equipment, to the construction, logistics and architectural sectors domestically as well as abroad.



### Call for action

Pfeifer Austria faces several bureaucratic hurdles when doing business on the Single Market. One example relates to the confirmation of arrival required by tax regulations, whereby Pfeifer Austria needs to issue documents confirming receipt of shipment when purchasing goods from another country. When Pfeifer ships to another country, it must claim a confirmation of arrival from its customer. This confirmation is required to prove tax exemption requirements for an intra-community delivery, but it constitutes a major administrative burden Pfeifer Austria – both in terms of time and costs.



### Potential

The existing patchwork of directives, regulations and national laws drives up transaction costs with different rights and agreements for different Member States.

Realising the four freedoms of the Single Market will make it easier for a SME like Pfeifer Austria to sell across the Single Market without incurring unnecessary administrative costs. When having to provide confirmation of arrival for shipments, as well as having to comply with other diverging and complex requirements, Pfeifer Austria faces considerable delays and costs.

***“Approximately 1 out of our 26 employees is solely handling bureaucracy associated with doing business on the Single Market – including e.g., the confirmation of arrival requirement on shipments from Germany.”***

Günther Leutgeb, quality management at Pfeifer Austria

## 2. Strengthen SOLVIT and commit to it being more proactive and raising awareness

SOLVIT was established in 2002 to help citizens and businesses (free of charge) with problems resulting from a possible misapplication of Single Market rules. There are SOLVIT centres in all EU Member States, as well as in Iceland, Liechtenstein and Norway. Together, the centres form an informal problem-solving network under the auspices of the European Commission.

A review of the SOLVIT institutions across countries shows that European firms rarely use SOLVIT and often lack confidence in SOLVIT as a relevant partner in finding a solution.<sup>39</sup> There is also scope for improving the functionality of SOLVIT in several countries:

- **Securing staffing and qualifications** | There is a lack of qualified case handlers and an excessive staff turnover rate at several SOLVIT centres.<sup>40</sup>

- **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 Austrian SMEs (such as Fülöp Essenzen in the business case below) call for more proactive initiatives to eliminate the regulatory uncertainty that stems from contradictory and/or overlapping regulation in the European countries they sell to.<sup>41</sup>

## OBTAINING INFORMATION ON LOCAL REQUIREMENTS IS DIFFICULT AND DETERS EXPANSION

Fülöp Essenzen is a small, one-woman company specialising in energising essences and sprays. The company sells its products through various retailers, as well as directly to end consumers via its online shop. Approximately 50 percent of Fülöp Essenzen's sales come from exports – mainly to Germany and Switzerland. However, with plans to expand into new markets, the company expects exports to constitute a growing share of total turnover in the future.



### Call for action

Fülöp Essenzen finds it challenging to export to new countries within the Single Market, mainly due to difficulties obtaining clear and accurate information about local requirements. For instance, Fülöp Essenzen has faced challenges obtaining information about systems of registration and recycling requirements on packaging. As a sole proprietor, staying up to date on requirements is time-consuming and hiring consultants too costly.

***“When we launched our export activities, it was very difficult to get accurate information on national requirements. There was no point of contact that could provide reliable and comprehensive information.”***

Marianne Fülöp, Owner and Founder at Fülöp Essenzen



### Potential

A strong and proactive SOLVIT network could help SMEs such as Fülöp Essenzen become more aware of their rights and opportunities and provide a single point of up-to-date, comprehensive information on national requirements. Such a solution would enable Fülöp Essenzen to export to new countries more easily. Currently, the company is deterred from entering new markets, as this is likely associated with considerable initial investments in terms of time and money.

We propose to establish a Single Market ombudsman in every EU Member State (as the head of or in collaboration with SOLVIT, appointed by the Chamber of Commerce, for example) to ensure the EU rules are correctly applied. We also propose that SOLVIT commit to being more proactive in structural cases and to raising 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.<sup>42</sup>

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

As described in Chapter 2, digitisation is a key driver of productivity and future economic growth.<sup>43</sup> Data flow, i.e., the possibility for firms to have access to, use and transfer data is a prerequisite for digitisation. Digital technologies and solutions also enable and accelerate the green transition throughout the economy and society.<sup>44</sup>

For these reasons, it is important to remove unwarranted 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.<sup>45</sup> Several obstacles to data flows persist and are often rooted in rules aimed at protecting personal privacy (data protection).<sup>46</sup> This is a legitimate interest regarding protection regulated in the EU statute on fundamental rights and thus can be said to have constitutional value in the EU.

Given the overriding interest in protecting personal privacy, we recommend that the European Commission put forward a proposal to encourage data flows to the greatest extent possible. The proposal concerns introducing a 'data flow test' intended to remove unwarranted barriers. The point of departure 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). It would also give businesses the opportunity to legally challenge data protection decisions that are perceived to be disproportionate. Thus, the test would acknowledge the supremacy of the principle of data protection in the EU while limiting the risk of abuse that would be harmful to data flows, innovation and the green transition. Removing unwarranted 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 Austrian SMEs (see, for example, the Lettvint business case below).



## RESTRICTIONS AND UNCERTAINTY ON DATA FLOW CLOSE MARKETS

Lettvint is an Austrian one-person business, offering business advisory services in the areas of change processes and problem-solving, team and business coaching, as well as communications strategy. Lettvint offers its services in person as well as through online channels. The founder and CEO of the company, Brita Eipeldauer, serves customers directly in Austria, as well as through business partners in other countries.



### Call for action

As a young and small business, Lettvint faces considerable uncertainty and information barriers on data protection requirements at the national and sub-national levels in other EU countries. In Austria, Lettvint hired a local company to handle compliance with local data protection in order to establish its services on online channels. However, in Germany, factors such as regional discrepancies in data protection laws, difficulties and costs associated with acquiring relevant information, as well as uncertainty of business outlook, led the company to not establish its services on online channels.

***“Trying to expand my online services in Germany, for example, was overwhelming due to the level of detail regional discrepancies in data protection laws. It was too early, too uncertain and too costly for me to hire a company in Germany to handle such matters.”***

Brita Eipeldauer, Founder and CEO at Lettvint

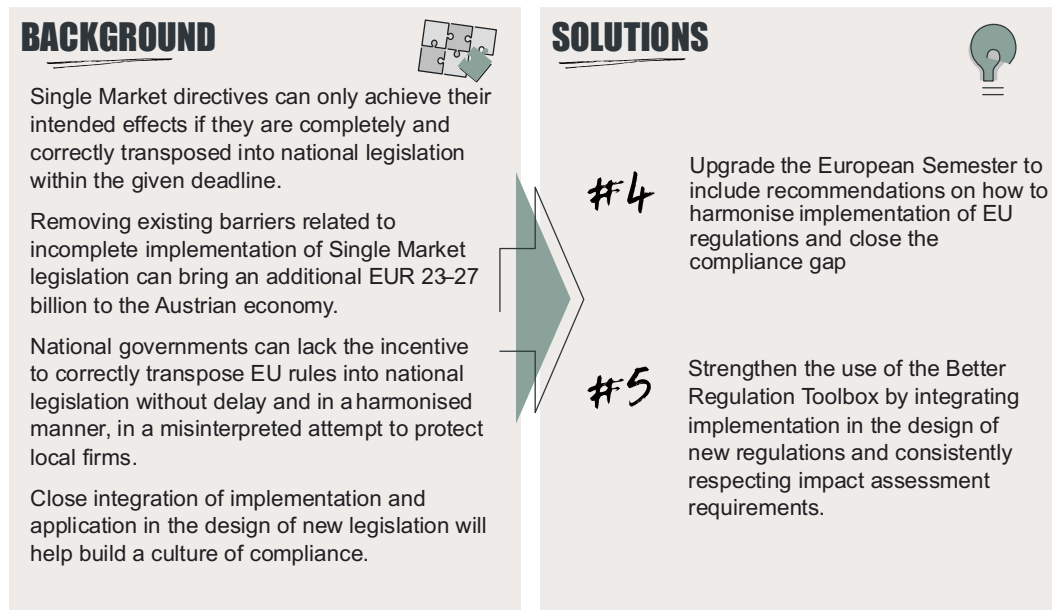


### Potential

Barriers to data flows, including differences in data protection requirements across the EU, prevent businesses, and in particular small businesses such as Lettvint, from setting up online services across the Single Market. The uncertainties and costs are often deemed too high, given the early stage of business and expected revenues.

A “data flow test”, obliging national and EU legislators and regulators to systematically assess the potential disproportionateness of their data protection requirements would be a first step forward, coupled with increased harmonisation and better and more proactive information access points.

## 4 Build a culture of trust and compliance



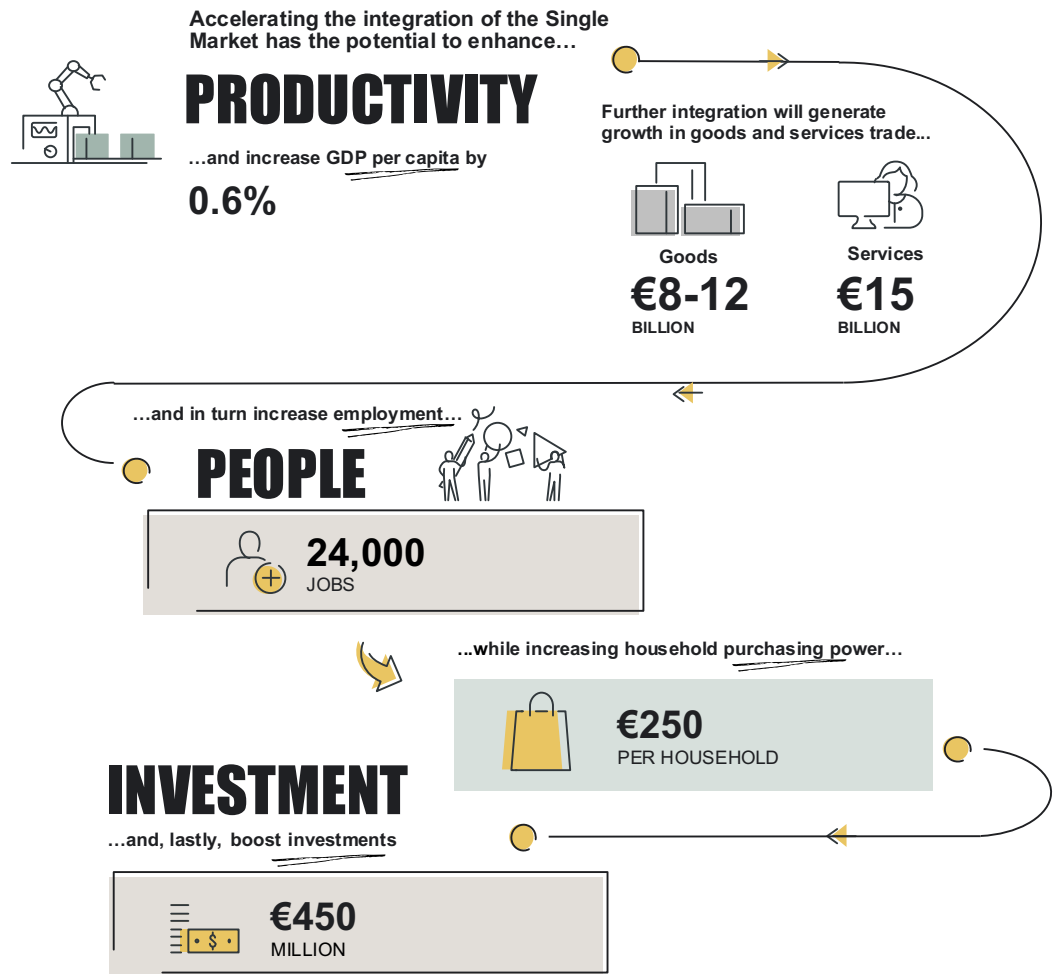
### 4. Upgrade the European Semester to include recommendations on how to harmonise implementation of EU regulations and close the compliance gap

Removing barriers that exist due to EU rules not being fully implemented is expected to generate major EU-wide economic benefits.<sup>47</sup> The European Commission estimates that removing such barriers in the Single Market would increase EU GDP by EUR 520–600 billion annually (a permanent increase in the EU income level).<sup>48</sup>

Similar impacts can be expected in Austria. If benefits for Austria correspond to Austria’s contribution to total intra-EU trade, GDP per capita could increase by 0.6 percent and the goods and services sectors would permanently increase Austrian GDP by EUR 23–27 billion every year (EUR 8–12 billion for goods and EUR 15 billion for services<sup>49</sup>, respectively). Furthermore, increasing the production of goods and services is expected to support 24,000 jobs annually. Benefits will spread to Austrian households, with household income expected to increase permanently by EUR 250. Lastly, investments are expected to increase by EUR 450 million annually (see Figure 14).<sup>50</sup>

Given Austria’s large share of trade within the Single Market, benefits for Austrian firms from improved market access are likely to be great.

**Figure 15: Potential benefits in Austria from removing existing barriers in the Single Market**



The persistent compliance gap undermines the trust of firms and citizens in the effective functioning of the Single Market. It also sends a clear signal to individual governments that lack of compliance has negligible consequences. We therefore propose making recommendations on closing the compliance gap and harmonising the implementation of EU regulations 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 would address several of the regulatory barriers that currently prevent Austrian SMEs from doing more business via the Single Market.

## 'GREY ZONES' BETWEEN NATIONAL AND EU REGULATIONS CREATE UNCERTAINTY

Kräutermax is a company that trades in herbs, natural cosmetics and food supplements under their own brand. The company sells its products in physical shops, including pharmacies and food retailers, as well as online through Amazon's Fulfilment by Amazon (FBA) programme. Approximately 20–30 percent of Kräutermax's revenue comes from exports, predominantly to neighbouring countries.



### Call for action

Regulatory fragmentation is a considerable challenge for Kräutermax and affects a large share of the company's product portfolio. Individual countries within the Single Market have different interpretations of whether Kräutermax's products classify as food supplements or pharmaceuticals. In the EU, food supplements are regulated as foods, but the list of regulated food supplements is limited and lacks many natural substances and herbs, such as those found in Kräutermax's products. However, pharmaceuticals are regulated at the national level, and the legal interpretations and applications vary considerably from country to country.

***"In one country, a specific herb sold at a given dosage is considered a food supplement without health claims, while in another it is classified as a medicine. This makes it very difficult and costly for us to scale up."***

Cristoph Zauner, director and owner at Kräutermax



### Potential

The 'grey areas' in regulation that exist in some industries and for some categories of products, such as food supplements, create significant uncertainty for businesses and result in regulatory fragmentation. Limiting these ambiguities is a precondition for ensuring the correct and even application of EU regulations and eventually closing the compliance gap, which is required to lower entry costs and enable SMEs, such as Kräutermax, to expand across the EU.

## 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 simplest, most efficient and effective way possible. Moreover, such legislation is a means of avoiding overregulation and unnecessary administrative burdens for citizens, administrations and businesses (particularly SMEs). Finally, high-quality legislation is designed to facilitate its transposition into national legislation and practical application from the start.

The persistent compliance gap and sizeable administrative costs reported by firms doing cross-border business in the Single Market indicate that more can be done to design EU legislation that effectively reduces complexity and the administrative costs of doing business in the Single Market. The Better Regulation Toolbox, with impact assessments

as a key component, is a way for the European Commission to design, deliver and support the implementation of high-quality policies.<sup>51</sup>

We recommend that the European Commission strengthen the use of the Better Regulation Toolbox by upholding the impact assessment requirement and placing more emphasis on integrating implementation into the design of new regulations. The proposed solution will contribute to reducing several of the existing regulatory barriers pointed out by Austrian SMEs, such as those that Bosch + Sohn presented below, and the high-quality design of future regulation will reduce the risk of new administrative barriers and unintended negative impacts emerging in the future.

## COMPLEX REGULATORY REQUIREMENTS IMPACT THE CAPACITY TO INNOVATE

Bosch + Sohn is a 100-person business that specialises in the development and production of medical devices, more specifically blood pressure meters, devices for body temperature measurement and other devices for cardiological diagnostics. Bosch + Sohn has headquarters in Germany and a sales and distribution office in Austria. The company exports mainly to the DACH region, Italy, Spain, France, Hungary, as well as some African, Middle Eastern and Asian countries, including China.



### Call for action

The new EU Medical Devices Regulation (MDR) constitutes a major burden for Bosch + Sohn. New approval requirements impose enormous costs that are independent of company size. Moreover, approval procedure duration is extremely lengthy and unpredictable and the number of notified bodies for assessing applications is insufficient, delaying procedures even more. These delays are particularly disadvantageous for products with short life cycles and high innovation rates (including products with digital components/medical device connectivity). In the worst case scenario, medical devices may even be outdated by the time they are formally approved.

***“The lengthy approval procedures under the MDR can create financing problems for SMEs, as they delay returns on investments already incurred.”***

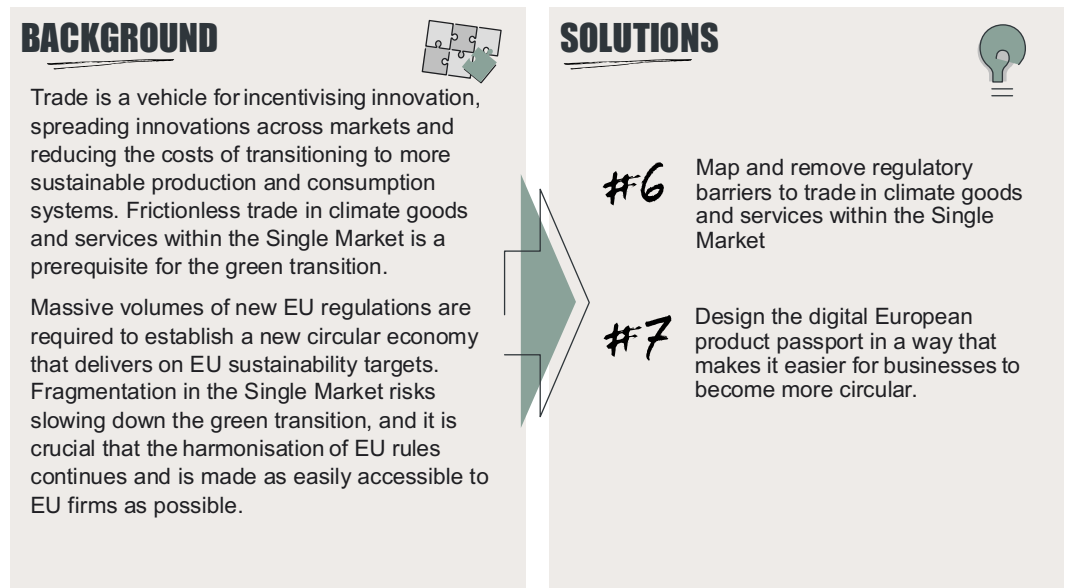
Rudolf Mad, Managing Director Austria at Bosch + Sohn



### Potential

The costs associated with product approval have at least doubled for medtech manufacturers compared to prior to the MDR. These costs are reflected in higher product prices. For smaller companies such as Bosch + Sohn, the price increases are higher than for large companies engaged in mass production. As a result, the competitiveness of SMEs is at risk. Moreover, an increase in approval procedure duration affects revenue, as time on the market is shortened. Simplifying approval procedures and increasing the number of notified bodies would go a long way towards ensuring that the MDR meets its objectives – i.e., guaranteeing patient safety and product availability while fostering a sustainable and attractive innovation landscape for medtech in Europe.

## 5 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. Addressing and 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 terms of climate goods and services will also strengthen the international competitiveness of EU producers.

By 2030, Austria aims to generate 100 percent of the country's electricity from renewable energy sources, with one million roofs producing solar power, all built in Austria, with a EUR 260 million investment to be covered in the next two years.<sup>52</sup>

Regulatory barriers pose significant obstacles to global trade in climate goods (up to 10 times greater than tariffs<sup>53</sup>), and 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 power industry, for example, is subject to complex, contradictory and fragmented regulation that erodes its global competitiveness.<sup>54</sup> As wind power is expected to generate 43 percent of Europe's electricity by 2030, regulatory barriers make the green transition excessively costly and put pressure on public budgets.<sup>55</sup>

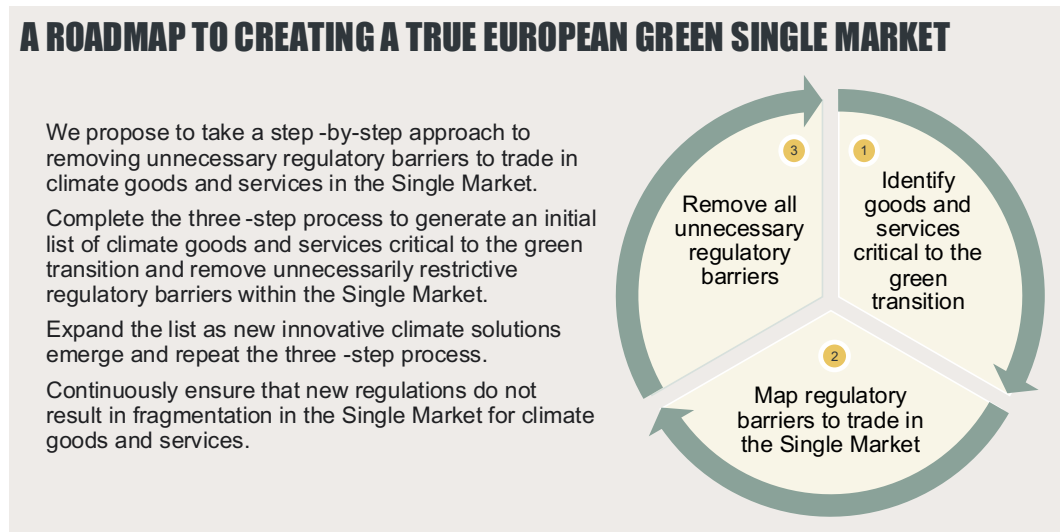
It is difficult to formulate an exact definition of climate goods and services, and there is a risk that the complexity of the problem ends up stalling progress and perhaps even



hindering the dismantling of regulatory barriers to trade within the Single Market. We therefore propose that a process be established in which the European Commission applies a 'step by step' approach to regulatory harmonisation consisting of the following three steps:

- **Step 1** | Define an initial list of climate goods and services. A preliminary list is provided in a deep-dive analysis of Single Market barriers to trade in climate goods and services, which could serve as a starting point for the work.<sup>56</sup> 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 climate goods and services defined across borders in the Single Market. Mapping should be exhaustive and cover the entire business and consumer journey. It should also aim to cover all sources of regulatory barriers, such as lack of compliance with EU regulations, fragmentation in the national implementation of EU regulations, intellectual property rights, uneven access to public procurement, etc.
- **Step 3** | Take bold steps to remove unnecessary or unwarranted regulatory barriers to trade in climate goods and services hindering the green transition at both the EU and national level.

The iterative process is illustrated in the figure below.



Creating a true European Green Single Market would help SMEs such as Austria Metal Trading described in the business case below.

## NATIONAL LAWS ON CONSTRUCTION MATERIALS HINDER TRADE OF CRITICAL GOODS

Austria Metal Trading (hereafter AMT) was founded in 2016 in Lower Austria. The company specialises in the wholesale of metal products that have typically been contract-manufactured in Asia and Turkey. AMT's product portfolio includes ductile piles for construction sites as well as structural components for large photovoltaic (PV) plants, which account for important shares of company revenue. PV plants generate electricity directly from solar energy, which is a renewable energy resource. These plants are key in terms of reducing our dependence on fossil fuels and achieving the green transition..



### Call for action

AMT encounters several regulatory obstacles that prevent the company from expanding in the Single Market. National standards still apply in the construction industry in some Member States and AMT needs to seek additional national certification, even for EU-certified metal products, when its products are used and/or applied in several EU countries. The costs associated with these national certification requirements are prohibitively high for small companies like AMT, meaning that certain markets are not accessible or may require an affiliate to be established in the relevant country.

***“Abolishing the current national provisions for the application of certain metal products would open up new markets in the EU for us.”***

Gerald Seebacher, CEO at Austria Metal Trading



### Potential

The existing patchwork of directives, regulations and national legislation drives up transaction costs in the construction industry, with different rights and agreements for different Member States. Regulatory simplification, harmonisation and the introduction of common standards would reduce costs for suppliers to the construction industry, such as AMT, enabling their expansion into new EU countries. This would also have a positive effect on the EU supply chain for climate goods, in which many of the supplies, such as PV modules, roof mounting materials or inverters, are subject to heavy and fragmented regulation.

## 7. Design the European Digital Product Passport in a way that makes it easier for businesses to become more circular

The Digital Product Passport (DPP) is a key proposal of the Ecodesign for Sustainable Product Regulation (ESPR), which seeks to gather information on a product throughout the value chain to provide a comprehensive understanding of materials and products as well as their associated environmental impact.

A well-designed DPP can make key product-specific information available, improving accessibility for 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 in particular the views of SMEs, there is a risk that the DPP will result in substantial administrative burdens and costs for

businesses, therefore limiting its potential and creating a lack of cohesion within the Single Market. We therefore recommend that the DPP is designed with the following features:

- Only the relevant data is required due to an understanding of the complexity of gathering detailed information throughout value chain and the amount of time this takes.
- The required data needs to be aligned with existing databases and systems to avoid silos or work duplication.
- Intellectual property rights are protected – again, requiring careful consideration of what data is absolutely crucial for meeting the objectives (essentially requiring only ‘need-to-know’ and not ‘nice-to-know’ data).

## **DPP REQUIREMENTS NEED TO BE RELEVANT, FAIR AND NON-DISCRIMINATORY TOWARDS SMEs**

Cogvis is an Austrian technology company, specialising in the development of a smart care solution called cogvisAI. The cogvisAI system consists of a contactless 3D-smartsensor, which processes data in real time using AI to detect falls and other critical situations more accurately and at a higher level of personal privacy than radar-based systems and traditional camera-based systems. The company’s main market is Austria, but has growing presence across the EU, including Sweden, France and the remainder of the DACH market. Today, cogvisAI is used in approximately 15% of Austria’s care homes.



### **Call for action**

While Cogvis has from the start committed to sourcing as many components from European markets as possible, making it easier to manage supply chains and obtain relevant information on intermediate products, some of the cogvisAI components come from Asia. Relevant product information, and in particular information relating to the Digital Product Passport (DPP) proposal, is considerably easier to obtain from European suppliers than from suppliers in Asia. Moreover, European suppliers are, on average, more sustainable.



### **Potential**

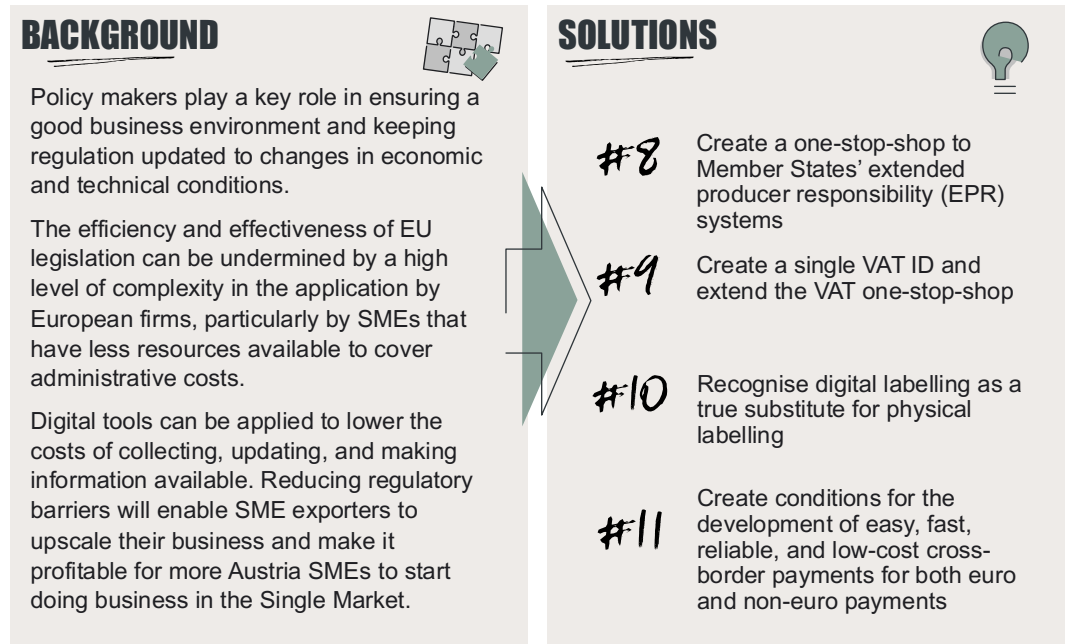
Obtaining information from suppliers for the DPP can entail high administrative burdens and costs for businesses, and in particular SMEs. This also risks making the circular work of businesses more difficult, thereby limiting the potential of the DPP.

SMEs such as Cogvis highlight that the DPP should be designed in a way that takes into consideration the resources required for gathering detailed information along the entire value chain, and therefore should only require data that is considered relevant for meeting sustainability objectives.

***“Sustainability is a key consideration for our business, and we also want to understand and minimise the environmental impact of our product all across the value chain”***

René Haslhofer, CCO at Cogvis

## 6 Use digital tools to cut costs and lay the foundations for growth



### 8. Create a one-stop shop for 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. Harmonised EPR schemes can help strengthen the circular economy within the Single Market while lowering unnecessary costs for businesses to act in an environmentally responsible manner.

We recommend establishing a truly harmonised approach to EPR: a digital EPR 'one-stop shop' solution that would facilitate single EPR registration and reporting across all Member States. Overseen by the European Commission, this one-stop shop would also serve as a centralised, up-to-date product-level information portal for EPR requirements across all Member States. Ideally, significant efforts should be made to improve and accelerate the standardisation of EPR schemes across Member States and, as much as possible, across product categories, prior to and otherwise after the launch of the EPR one-stop shop.

Such a solution would make it easier and less costly for Austrian producers such as Trade Post 47 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.

## UNCLEAR REGULATION CREATES UNCERTAINTY AND ADDITIONAL COSTS

Trade Post 47 GmbH is a recently established science fiction merchandise retailer. The company sells a variety of science fiction merchandise, from toys and collectibles to books and comics, as well as electronic products such as lamps. Currently, the company's main markets include Austria and Germany, but its ambition is to sell across Europe.



### Call for action

Trade Post 47 finds it difficult and costly to comply with the various Extended Producer Responsibility (EPR) schemes across the EU. This mostly concerns the packaging and electronics disposal requirements (affecting the majority of their products) of the different EU countries into which the company wishes to expand. Firstly, it is difficult and time-consuming to acquire the relevant information on the EPR requirements of a given country – and hiring a consultant with the specific information is costly. Secondly, it is also disproportionately costly for SMEs such as Trade Post 47 to cover the packaging disposal fees of a particular country upfront, especially when the fees exceed the revenue from the few inexpensive items sold.

***“We are spending a few hundred euros just on obtaining the correct information about EPR requirements, not to mention the disposal fees on top of that.”***

Robert Kaiser, Founder and CEO at Trade Post 47



### Potential

The creation of a digital one-stop shop for EPR can facilitate single EPR registration and reporting. It can also serve as a centralised, up-to-date product-level information portal on EPR requirements across all Member States. This will make business less risky and complex for an SME such as Trade Post 47 and hinders expansion across the Single Market. In fact, Trade Post 47 considers that if the challenges relating to EPR requirements did not exist, it would have already been open for business in all neighbouring countries.

## 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 the submission of up to 60 VAT filings per country per year.<sup>57</sup>

We call for the European Commission to 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 costs, reducing complexity and helping drive growth. Less burdensome VAT procedures are one of the policy initiatives that Austrian SMEs would find most beneficial to doing more business in the Single Market.



As well as reducing the administrative burden on SMEs and granting them greater access to the European Single Market, tax authorities would also benefit from a single VAT ID, as lower complexity increases compliance.<sup>58</sup> From the perspective of national governments' public finances, the simplification is likely to result in increased trade, leading to additional VAT revenue and a more competitive market in the EU. Finally, customers would benefit from a larger selection, more competitive prices and a better shopping experience when buying goods online.

## VAT REGISTRATION REQUIREMENTS PROHIBIT EU EXPANSION

amalix GmbH is a small retailer selling a variety of products, such as cosmetics and household goods, under their own brands online. amalix is part of Amazon's Fulfilment by Amazon (FBA) programme, meaning that they outsource their order fulfilment, including packaging and preparation of shipments, to Amazon. amalix sells their products in several European countries. The main market is Germany and about 20% of the company's revenue comes from exports.



### Call for action

Despite many simplifications to European VAT processes due to the introduction of VAT one-stop-shop (OSS) system, amalix and other Amazon FBA retailers still face considerable difficulties with VAT registration. The main challenge is that the existing VAT OSS does not cover Amazon FBA warehouses, meaning that amalix and other FBA retailers, comprised exclusively of SMEs, need to VAT register in all countries where they want to store. This is both costly and time-consuming.

***“VAT registration in Spain is particularly cumbersome for us because we have to issue a certified power of attorney with an apostille to a Spanish tax advisor. In addition to all this bureaucratic work associated with the issuance of the VAT ID, there is also the time factor. Most EU countries take 1-3 weeks, Spain takes at least three times as long“.***

Janine Wohlgenannt, Managing Director and Owner at amalix GmbH



### Potential

Extending the VAT OSS to pan-European warehouse storage, including FBA warehouses, would considerably reduce the need for multiple VAT registrations for amalix, decreasing the costs and time burden associated with selling to more European countries through the Amazon FBA programme. A single VAT ID across the EU would allow amalix to take full advantage of the Single Market and enable further expansion to key EU countries.



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

To launch products on the EU market, producers are required to provide a variety of product compliance and conformity information on their products – at both the EU and Member State level. Varying labelling requirements result in high costs for producers in terms of human resources and administration, especially for SMEs selling smaller quantities. Additionally, the EU still relies exclusively on physical labelling on products and/or product packaging, with digital communication on product labels only taking place on a voluntary basis.

Digital labelling 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 Devices Regulation, standards are already in place prescribing how a device needs to be labelled to ensure the user understands that the instructions and further information can be found online.

Digital labels also have the advantage that they can be easily updated, located and provided in all official languages for a specific product – at a much lower cost and greater convenience to producers than physical labels.<sup>59</sup> As product information may quickly become obsolete as technologies advance and legislation changes, 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.

We therefore recommend that the European Commission bring EU labelling requirements into the digital era by providing manufacturers with 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 learning already taking place in the digital labelling proposals of the chemical regulations.<sup>60</sup>

As illustrated by Fellingner Arbeitsschutz and Kräutermax in the business cases below, digital labelling can significantly reduce the financial and administrative burden associated with national labelling requirements.

## NATIONAL LABELLING INCREASES COSTS AND PROHIBITS EXPANSION TO OTHER EU COUNTRIES

Fellinger Arbeitsschutz is a small company that was founded in 2009. The company specialises in occupational safety products and sells them primarily in Austria (amounting to approximately 95% of sales) and in other EU countries – mostly Germany.



### Call for action

While being a small company, Fellinger Arbeitsschutz sells a variety of different products in the occupational safety category. Gerhard Fellingner, founder of the company, argues that SMEs have to carry a disproportionately high bureaucratic burden and, subsequently, exceptions must be made in legislation for them. For instance, when ordering inputs from Germany, the receiving-business is obliged to issue a confirmation of arrival – a time consuming process for a single person business as Fellinger Arbeitsschutz. However, especially the requirement to have local languages on the product packages, detailing how e.g., the packaging is to be disposed of correctly, entails high costs for small businesses, such as Fellinger Arbeitsschutz. In addition, businesses need to source a company in the respective country to validate the packaging, which can cost up to EUR 500 per year and requires significant efforts.

***“As a consequence of the high costs and efforts entailed with national packaging requirements, we are no longer exporting to Italy.”***

Gerhard Fellingner, Founder and CEO at Fellinger Arbeitsschutz



### Potential

Digital labelling could significantly reduce the financial and administrative burden associated with the packaging requirements that Fellinger Arbeitsschutz faces in exporting its products to other EU countries.

Besides the benefits in terms of costs, digital labelling would also save Fellinger Arbeitsschutz from having to tailor their packaging to individual markets. This would give them greater flexibility and allow them to increase their production scale.

## COMPLYING WITH NATIONAL LABELLING REQUIREMENTS CAN BE TOO COSTLY FOR SMES

Kräutermax is a company that trades in herbs, natural cosmetics and food supplements under their own brand. The company sells its products in physical shops, including pharmacies and food retailers, as well as online through Amazon's Fulfilment by Amazon (FBA) programme. Approximately 20–30 percent of Kräutermax's revenue comes from exports, predominantly to neighbouring countries.



### Call for action

Kräutermax finds it challenging to meet different national labelling requirements when selling to other countries on the Single Market. This problem is especially pronounced with physical labels, which need to be augmented and separately printed for different European countries. For example, the company cannot store their products in Italy through the Amazon FBA programme, as they would have to produce labels that comply with Italian labelling requirements, which is costly given the expected volumes sold. What makes the situation even more challenging is the rarity of the ingredients in the products, which makes translation of labels difficult and time-consuming. This challenge is not only unique to Italy, but it currently prevents the company from expanding to an otherwise obvious place of sales.

***“We expect that the storage of one of our products in Italy would entail costs in the range of EUR 2,000-4,000 due to labelling requirements. Since the average price of our products is 30 EUR, it would be very difficult for us to cover our costs”***

Cristoph Zauner, director and owner at Kräutermax



### Potential

A digital label, which would ideally require only a QR code on physical packaging, would make it much easier and less costly to include and update product information in all required languages.

Digital labelling would also save Kräutermax from having to tailor their packaging to individual markets. This would give them greater flexibility and allow them to increase their production scale.

## 11. Create conditions for developing easy, fast, reliable and low-cost cross-border payment methods for both euro and non-euro payments

As the survey clearly shows, Austrian SMEs find it critical for the functioning of the Single Market that cross-border payment methods are affordable and effortless for businesses and consumers.

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 precluding access to the seamless provision of cross-border solutions. Instead, appropriate incentives should foster a competitive ecosystem to empower consumers to make informed decisions, while reducing the 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.

## HIGH FEES ON CROSS-BORDER TRANSACTIONS DISCOURAGE INTERNATIONAL BUSINESS

Speedinvest Pirates is a growth partner for startups, offering various services, from branding and growth marketing to sales and pricing, to help startups reach their growth goals. The company was founded in 2017 and is based in Vienna, but works with portfolio companies across Europe.

### Call for action

Speedinvest Pirates observes inefficiencies and challenges in the cross-border payment infrastructures for European firms. Currently, the cross-border payment options available are dominated by a limited number of financial services corporations. They charge high fees to merchants, which pushes up costs for consumers and disadvantage SMEs. Speedinvest Pirates experience these inefficiencies both first-hand, as well as through the portfolio SMEs that they work with. A significant share of the payments that the company makes go to fees, which diminishes the economic value of the payments. Likewise, the small yet ambitious SMEs that they work with see a similar erosion of their payments due to disproportionately high fees - disincentivising or even preventing expansion across the Single Market.

***“We for example see that some of our ecommerce portfolio companies will revisit their go-to-market strategy as a result of high fees on cross-border payments. They may even decide to focus solely on the home market, undermining the original idea of the European Single Market.”***

Dieter Rappold, CEO and founder at Speedinvest Pirates

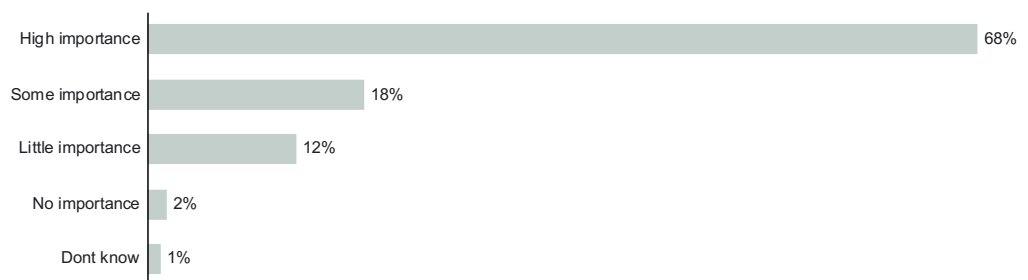
### Potential

Creating conditions for the development of low-cost cross border payment systems will help ensure that consumers and merchants can do business with confidence across borders inside the Single Market at low cost. A more competitive ecosystem for payment systems would level the playing field for SMEs and enable them to increase their market potential on the Single Market.

## Annex 1 Description of the SME survey

To identify key barriers and possible solutions to eliminate them when conducting business in the Single Market, we carried out a survey in close collaboration with KMU Forschung. The target group of the survey was SMEs that either export or would like to export via the Single Market. The survey contained a total of 21 questions. In total, 475 SMEs participated in the survey – 92 percent (439) of the respondents are exporters and 8 percent (36) are prospective exporters. Most respondents are in ‘Retail or wholesale’ (25 percent) and ‘Manufacturing’ (23 percent). SMEs of various different sizes are represented among the respondents. This annex contains detailed responses.

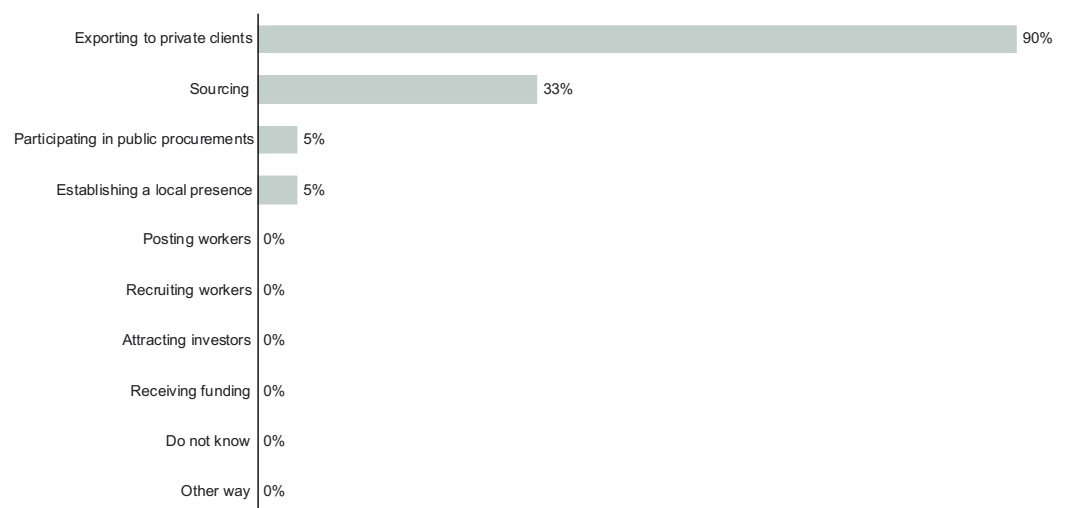
**Figure 16: The Single Market is crucial to exporting SMEs**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.

Note: Survey question: “How important is it for your company to do business in the Single Market?”, n=380.

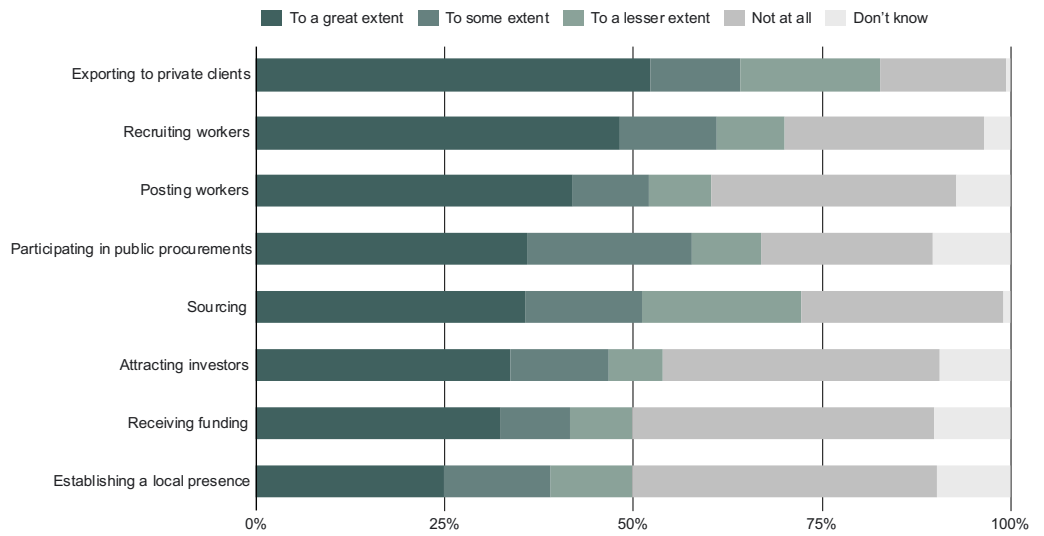
**Figure 17: Potential for growing their business in the Single Market, prospective SME exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.

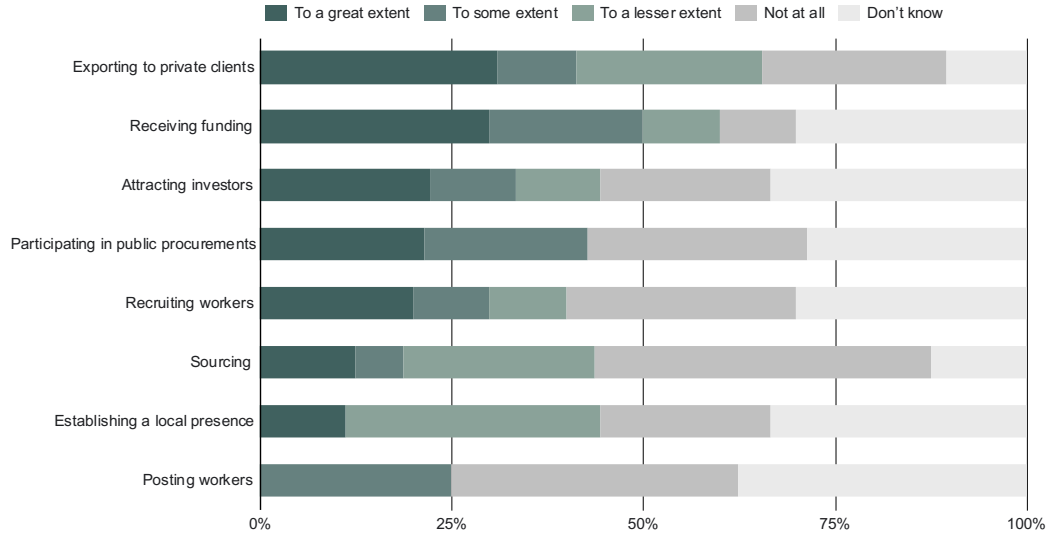
Note: Survey question: “Where do you see the largest potentials within the Internal Market for growing your business?”, n=31.

**Figure 18: Regulatory barriers, exporting SMEs**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent do regulatory barriers prevent your firm from doing more business in the Single Market?", n=369.

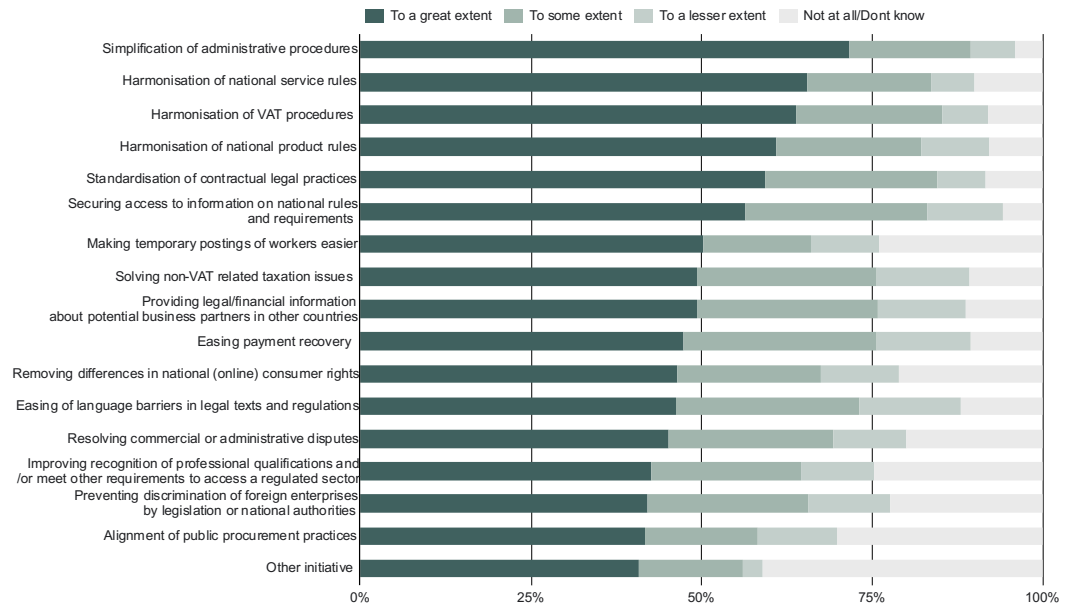
**Figure 19: Regulatory barriers, prospective SME exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent do regulatory barriers prevent your firm from doing business in the Single Market?", n=29.

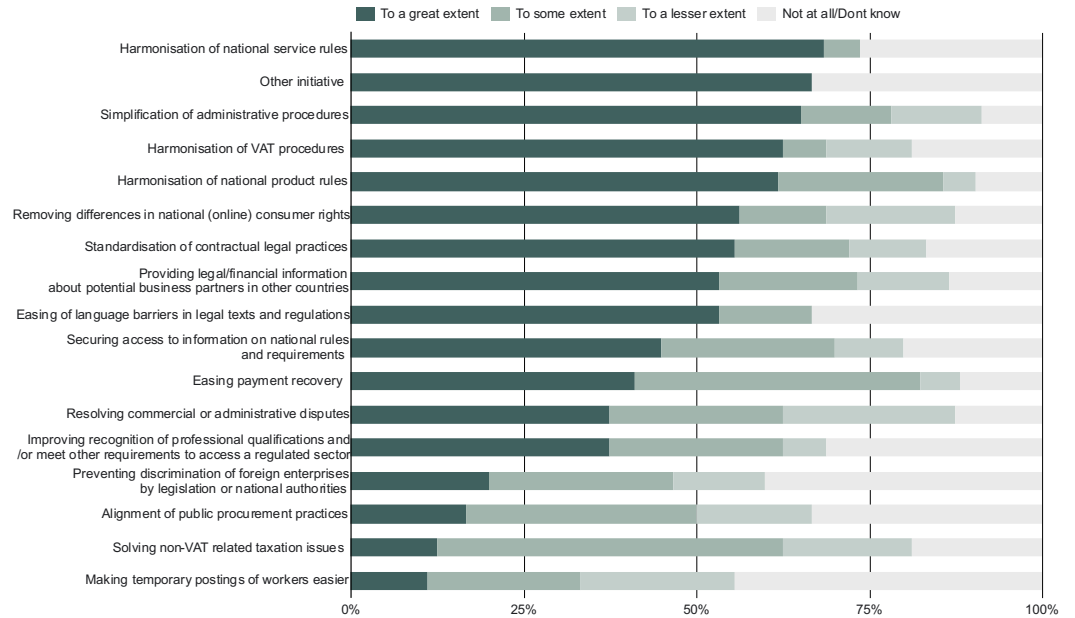


**Figure 20: Policy initiatives that could help, exporting SMEs**



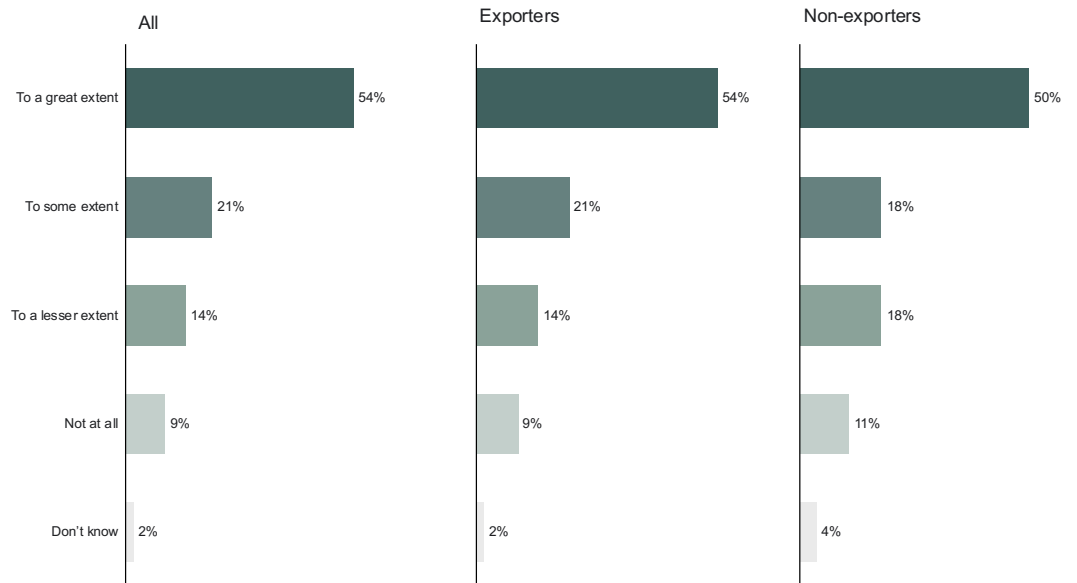
Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent will the following policy initiatives help SMEs with doing business in the Single Market?", n=372.

**Figure 21: Policy initiatives that could help, prospective SME exporters**



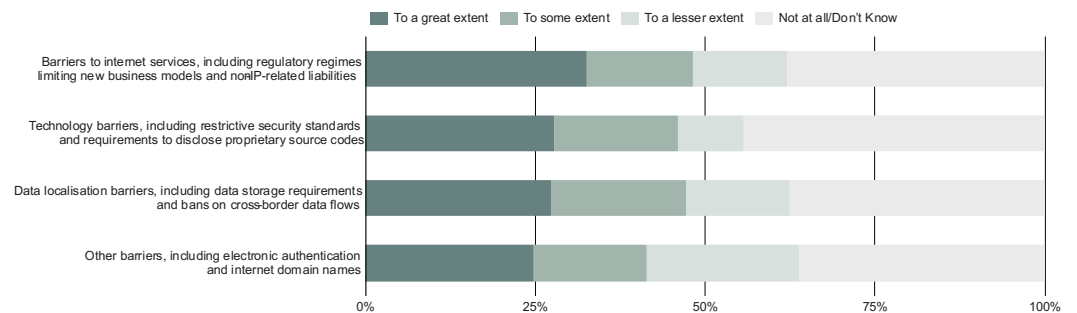
Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent will the following policy initiatives help SMEs with doing business in the Single Market?", n=24.

**Figure 22: Can greater use of digital tools increase exports via the Single Market?**



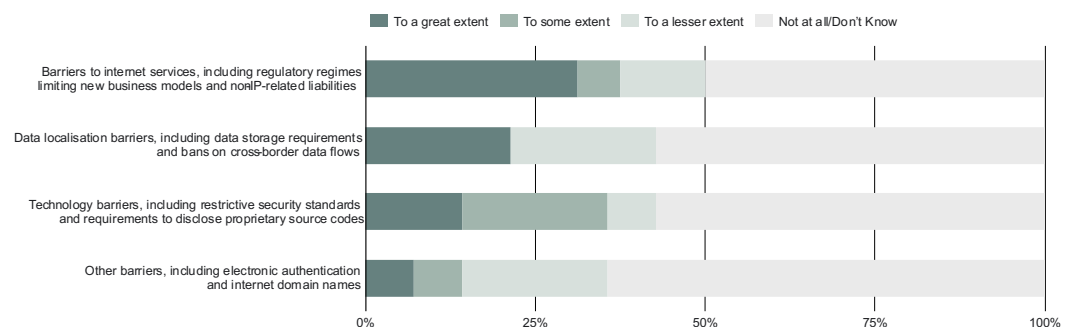
Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent do you think that increased digitalisation in your company will improve your exports?", n=408 (380 exporters, 28 prospective exporters).

**Figure 23: Regulatory barriers that limit SMEs' adoption of digital tools, exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.  
 Note: Survey question: "To what extent do the following barriers create regulatory obstacles that limit your company's adoption of digital tools?", n=221.

**Figure 24: Regulatory barriers that limit SMEs' adoption of digital tools, prospective exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.

Note: Survey question: "To what extent do the following barriers create regulatory obstacles that limit your company's adoption of digital tools?", n=16.

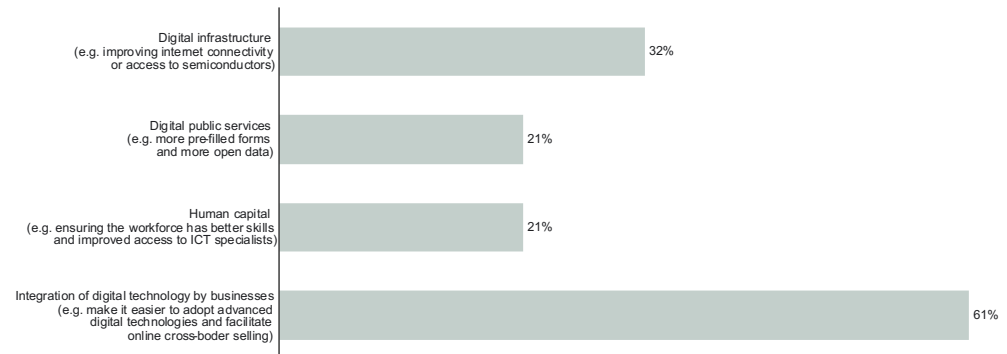
**Figure 25: Areas in which policy makers can help SMEs become more digitalised, exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.

Note: Survey question: "In which of the following areas can policy makers help your company become more digital?", n=406.

**Figure 26: Areas in which policy makers can help SMEs become more digitalised, prospective exporters**



Source: Implement Economics, based on a survey of 475 Austrian SMEs.

Note: Survey question: "In which of the following areas can policy makers help your company become more digital?", n=28.

## List of endnotes

- <sup>1</sup> European Commission (2023). *EU competitiveness beyond 2030: looking ahead at the occasion of the 30th anniversary of the Single Market*.
- <sup>2</sup> European Council (2023). *Conclusions from meeting in Brussels*, 30 June 2023, EUCO 7/23, CO EUR 5, CONCL 3.
- <sup>3</sup> 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.
- <sup>4</sup> European Commission (2020). *A single market that delivers for businesses and consumers*.
- <sup>5</sup> International Energy Agency (2023). *Austrian Recovery & Resilience Plan*.
- <sup>6</sup> OECD (2022). *Trade in goods and services*.
- <sup>7</sup> See <https://www.epcsummit2023.md/president-maia-sandus-message-regards-organisation-epc-summit>.
- <sup>8</sup> LE Europe (2017). *The EU Single Market: Impact on Member States*.
- <sup>9</sup> Wirtschaftskammer Österreich (WKO) (2023). *30<sup>TH</sup> ANNIVERSARY OF THE SINGLE MARKET – An unfinished milestone of integration*.
- <sup>10</sup> Wirtschaftskammer Österreich (WKO) (2023). *30<sup>TH</sup> ANNIVERSARY OF THE SINGLE MARKET – An unfinished milestone of integration*. The report states that for every billion exported, around 10,000 jobs are secured. Hence, exports to the Single Market as a percentage of total exports are used to estimate the number of jobs supported by exports to the Single Market (EUR 112 out of EUR 166 billion), and further using that total export support almost 50 percent of all jobs as stated.
- <sup>11</sup> OECD (2023). *X – TEC by partner countries and size-class [TEC3\_REV4]*.
- <sup>12</sup> OECD (2023). *FDI statistics by partner country and by industry – summary [BMD4]*.
- <sup>13</sup> 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]*.
- <sup>14</sup> 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). *30<sup>th</sup> 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 jobs supported by exports are estimated using data on exports to the Single Market from WKO (2023) and the assumption used in WKO (2023) that every billion exported secures around 10,000 jobs.
- <sup>15</sup> European Commission (2022). *2021 SME country fact sheet's background document – AUSTRIA*.
- <sup>16</sup> European Commission (2022). *2021 SME country fact sheet's background document – AUSTRIA*.
- <sup>17</sup> European Commission (2022). *Internal Market, Industry, Entrepreneurship and SMEs*.
- <sup>18</sup> WTO (2016). *Levelling the trading field for SMEs*.
- <sup>19</sup> USITC (2019). *U.S. SME Exports: Trade-related Barriers Affecting Exports of U.S Small and Medium-sized Enterprises to the United Kingdom*.
- <sup>20</sup> HBS (2018). *25 years of the European Single Market*.
- <sup>21</sup> Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT\_TEC01]*. Note: data is only available for intra-EU exports. Therefore, the calculation excludes exports to Norway, Liechtenstein and Iceland.
- <sup>22</sup> BEUC (2022). *Making the most of EU advance purchases of medicines*.
- <sup>23</sup> European Commission (2022). *Questions & Answers on vaccine negotiations*.
- <sup>24</sup> European Commission (2022). *Safe COVID-19 vaccines for Europeans*.
- <sup>25</sup> European Council (2022). *EU sanctions against Russia explained*.
- <sup>26</sup> Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 71). Oxford Academic.
- <sup>27</sup> European Commission (2022a). *Negotiations and Agreements*.
- <sup>28</sup> WTO (2022). *Regional Trade Agreements Database*.
- <sup>29</sup> European Commission (2022). *EU trade agreements: delivering for Europe's businesses*.
- <sup>30</sup> Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 23). Oxford Academic.
- <sup>31</sup> Bradford, A. (2020). *The Brussels Effect: How the European Union Rules the World* (p. 63). Oxford Academic.
- <sup>32</sup> European Commission (2021). *Strategic dependencies and capacities*.

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- <sup>33</sup> The response categories used in these 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*.
- <sup>34</sup> The response categories used in these survey questions are based on the business survey from Eurochambres (2020). *The state of the Single Market: Barriers and Solutions*.
- <sup>35</sup> Implement Consulting Group (2022). *Digital Decarbonisation – How the Digital Sector is Supporting Climate Action*.
- <sup>36</sup> European Commission (2021). *Digital Economy and Society Index (DESI) 2020 – Austria* and European Commission (2023). *Digital Economy and Society Index (DESI) 2022 – Austria*.
- <sup>37</sup> European Commission (2022). *SME Performance Review 2021 – Graphs Austria*, Eurostat (2023). *Digital intensity by size class of enterprise [ISOC\_DII]*.
- <sup>38</sup> European Commission (2023). *EU competitiveness beyond 2030: looking ahead at the occasion of the 30th anniversary of the Single Market*
- <sup>39</sup> Eurochambres (2019). *The state of the Single Market: Barriers and Solutions*.
- <sup>40</sup> European Commission (2020). *Single Market Scoreboard*.
- <sup>41</sup> 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 legal harmonisation or effectively applies country-of-origin principles based on a culture of trust among Member States and their administrations. This is necessary to address the issues of 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 full implementation of the Services Directive.
- <sup>42</sup> De Strel et al. (2020). *The e-commerce Directive as the cornerstone of the Internal Market*, requested by the IMCO Committee.
- <sup>43</sup> European Commission (2020). *Shaping the digital transformation in Europe*.
- <sup>44</sup> Implement Consulting Group (2022). *Digital decarbonisation – how the digital sector is supporting climate action*, commissioned by Google.
- <sup>45</sup> 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 non-personal data in the European Union*.
- <sup>46</sup> Kommerskollegium (2021). *Främja dataöverföring och datadelning genom ett nytt dataflödestest*.
- <sup>47</sup> European Parliamentary Research Service (2014). *The Cost of Non-Europe in the Single Market*.
- <sup>48</sup> European Commission (2020). *A single market that delivers for businesses and consumers*.
- <sup>49</sup> The calculations are based on European Commission (2020), *A single market that delivers for businesses and consumers*. We took the Austrian share of total intra-EU trade, which enabled us to obtain a country-level estimate for the growth potential in Austrian trade in goods and services, from Eurostat (2023). *Trade by NACE Rev. 2 activity and enterprise size class [EXT\_TEC01]*.
- <sup>50</sup> 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]*.
- <sup>51</sup> European Commission (2021). *Better Regulation Toolbox 2021* (Ch.1).
- <sup>52</sup> International Energy Agency (2023). *Austrian Recovery & Resilience Plan*.
- <sup>53</sup> De Melo, J. and Solleder, J-M (2019). *The Role of an Environmental Goods Agreement in the Quest to Improve the Regime Complex for Climate Change*.
- <sup>54</sup> Implement Consulting Group (2023). *A European Green Single Market*.
- <sup>55</sup> Wind Europe (2022). *WindEurope panel at COP27: permitting, permitting, permitting*.
- <sup>56</sup> Implement Consulting Group (2023). *A European Green Single Market*.
- <sup>57</sup> European Commission (2017). *Modernising VAT for E-commerce: Question and Answer*.
- <sup>58</sup> European Commission (2022). *VAT in the Digital Age: Final Report, Volume 3: Single Place of VAT Registration and Import One-Stop Shop* (p. 41).
- <sup>59</sup> VVA (2018). *Study for the introduction of an e-labelling scheme in Europe*. DigitalEurope.
- <sup>60</sup> European Commission (2021). *Simplification and digitalisation of labels on chemicals*.

