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# After 40 years, the single market isn't 'fragile' or 'broken' – but more definitely needs to be done

*By Jacques Pelkmans*

In November 1982, the first-ever Internal Market Council was held on the initiative of then-Commissioner Narjes. Since then, we've had 40 years of building the single market and despite criticism and much work still to be done, it remains the EU's most potent tools and one of its greatest successes.

In 1983, the famous Albert/Ball report was presented to the European Parliament, the beginning of a momentous turnaround in approaching the internal market strategically and with few taboos. In January 1985, CEPS hosted Wisse Dekker, CEO of Philips and chairman of the European Round Table of Industrialists, who presented a detailed five-year calendar for deepening and widening the internal market decisively, then regarded as a daring ambition.

Later that year, the Single European Act would rewrite the EEC treaty, now with qualified majority voting and firmer language on the goals of the internal market.  It worked, and far better than expected.

Today's discussions suggest that 'the' single market has now existed for 30 years but this is of course mistaken. The common market idea was formulated in 1957 and the basics of the idea never changed. Nor did 1992 deliver 'the completed' internal market.

True, the title of the 1985 White Paper employed the term 'completing' but that was more an advertising ploy. Since 1993 a near-endless series of reports and initiatives have been published, showing what needed to be done more and urgently to deepen and render the single market more robust.

During those 30 years much has indeed been accomplished. Today's single market is deeper, wider and stronger than at the end of 1992, to the great benefit of the EU. The ideological Brexit experiment that cast the UK out of the single market has failed. Many erstwhile 'leave' voters are suffering a severe case of 'bregret'.. The UK may well find that there is no easy turning back, even if a majority wish to do so.

## The challenges ahead

Today and tomorrow's single market is subject to multiple pressures. This includes cries for deepening (e.g. in services), an insistence on faithful and proper enforcement (especially at Member State level), , less cumbersome (national) procedures, less intrusive and/or restrictive conditions for the establishment of retail outlets in other Member States, reduced restrictiveness of Member States' regulations for professional services and calls to shun heavy bureaucratic procedures in several new directives.

Business is also worried about overly detailed EU regulation (often leading to inconsistencies with established *acquis*), a concern also noticed by the independent Regulatory Scrutiny Board. What's painful is the Commission's stubborn disregard of sharp criticism from standardisation bodies and all business associations, as well as prominent law firms, about the Commission's intrusion into one of the most successful achievements of the EU, within the EU and worldwide: European Harmonised Standards.

In an era where truly global digital standards matter most, and with ETSI (the European Telecoms Standards Institute) delivering them thanks to innovative market players and China – as well as the US – being part of the many ETSI committees, the Commission distancing itself from ETSI in an unwise move. There is no stand-in for ETSI, all other options imply global fragmentation and non-European leadership.

The EU is rightly concerned with the Green Deal and the digital transformation, including the competition aspects, but it is crucial not to let sectoral or narrow-green considerations prevail. These larger initiatives ought to fit the single market and not weaken or distort it. There is a risk, too, of engendering an 'unjust' transition between Member States.

The single market would also undoubtedly benefit in multiple ways from successfully accomplishing the capital markets union. Member States ought to be more pro-active here, even when this implies domestic reforms. A capital markets union would offer greater scope for private risk sharing in the banking union, when eurozone countries' hesitate about public risk sharing. Such private risk sharing works well in the US; it implies a deeper single banking market, with greater overall resilience.

A final beneficial aspect of the single market is the Unitary EU patent (for 25 Member States), which will be operational by June 2023. The considerable advantages compared to today include much lower costs of application, the single validity for all 25 countries and a single specialised court for enforcement issues. All this implies a great stimulus for innovation because, in economics, the most important driver of innovation remains market size. With a single and low-cost patent, nearly the entire single market will be covered.

## The EU's trump card

Complaints about the state of the single market, lengthy wishlists and calls for 'urgent' action should be taken seriously but not lead to the conclusion that the EU single market is too fragile or nearly 'broken'.

This is absolutely not the case.

Indeed, EU trade policy, the EU's 'export' of regulatory approaches or, more recently, the (vague) notion of 'open strategic autonomy' are all based on the strength and the credibility of the single market and the sheer economic heft of the EU-27.

If competitiveness is maintained by business and supported by appropriate EU regulation where justified, the single market will not only remain the 'hardcore' of the Union but also the EU's trump card in the world economy.