

Brussels, 14 July 2023

To: Thierry Breton, European Commissioner for Internal Market

Cc: European Commission Vice-President Frans Timmermans
European Commissioner Virginijus Sinkevičius
European Commissioner Stella Kyriakides
European Commissioner Nicolas Schmit

We, civil society groups and trade unions, have deep concerns over new deregulation initiatives announced by the European Commission in the [Communication on 'The Single Market at 30'](#) and the [Communication on competitiveness](#) earlier this year.

A [new report](#) published by Corporate Europe Observatory shows how companies, lobbyists and industry associations are actively using enforcement mechanisms related to the Single Market to undermine environment and social protection initiatives at the national and municipal levels.[1] By submitting complaints, corporate interests persuade the European Commission to investigate national-level laws and policies that they claim are 'barriers' in the Single Market, but are in fact fully legitimate policy options. The report highlights numerous examples of how such complaints lead to new progressive measures being scrapped, weakened, or severely delayed as a result of the Commission's interventions on behalf of industry. The end result is the bogging down of the social and ecological transition that Europe needs in order to prevent catastrophic climate change.

There is a serious lack of transparency around these enforcement mechanisms and, worryingly, the Commission has been increasingly shifting investigations into claimed infringements of Single Market law into an informal, even less transparent sphere. To enable a democratic process and an open debate, the Commission must start to proactively inform the public about corporate complaints and the impact they're having.[2]

The report calls for a recalibration of the Single Market and its enforcement system with the goal of protecting the democratic space of public authorities and supporting Europe's ecological and social transition. While changes will need to be made in directives related to services, state aid, public procurement and other Single Market legislation, short-term measures are needed in the interim to facilitate governments, regions, and cities in making quick headway. One such measure is a 'just transition' exemption, which would guarantee that initiatives promoting a socially just climate and environmental transition would not be challenged under Single Market enforcement rules. Public services and collective labour law should also be more comprehensively exempt from challenges.

Unfortunately, the European Commission's proposals presented earlier this year are headed in the opposite direction: a further tightening of enforcement mechanisms, something that corporate lobby groups have campaigned for in the last few years. The Commission's March 2023 [communication on 'The Single Market at 30'](#) announced a whole range of new initiatives and instruments geared towards "enforcing existing Single Market rules and removing Member State-level barriers". The proposed measures would further reduce democratic space available to national-level public authorities, adding further deregulatory pressures, and creating major new obstacles for Europe's social-ecological transformation.[3]

We are equally concerned about new initiatives in the framework of so-called 'Better Regulation', announced in the Commission's [Communication on competitiveness](#) (also in March 2023). Having

already embraced a so-called 'one-in, one-out' approach to new regulations, the Commission added a competitiveness check and "a methodology for assessing the cumulative impact of policies and a more innovation-friendly approach to regulation". These initiatives, which were recently discussed in the Council Working Party on Competitiveness and Growth,[4] are based on an unjustifiably negative view on regulation, ignoring that EU regulations help to protect businesses, consumers, and the environment from unfair or dangerous practices.

Together, these recent Commission initiatives will create new obstacles for progressive rules on both the EU and national levels: in short, a double whammy for Europe's social-ecological transformation. We call upon you to halt these deregulation initiatives, improve transparency and accountability about (complaint-related) Single Market investigations, and act to avoid further shrinking regulatory space on EU and national level, to safeguard the socially just ecological transition that Europe needs.

Yours sincerely,

ACV-CSC Belgium
AK EUROPA
ATTAC España
ATTAC France
Centro per la Riforma dello Stato (CRS), Italy
CorA Network for Corporate Accountability, Germany
Corporate Europe Observatory (CEO)
Ecologistas en Acción, Spain
European Environmental Bureau (EEB)
European Federation of Public Service Unions (EPSU)
European Trade Union Confederation (ETUC)
Friends of the Earth Europe
Momentum Institute, Austria
NatureFriends Greece
Somos Asociación de Permacultura ATTA, Spain
Transnational Institute (TNI)

1: ["30 years of Single Market – time to remove the obstacles to social-ecological transformation"](#).

2: The findings of the report show a clear need to make the infringement and informal pre-infringement procedures more transparent, including the role of corporate complaints. The Commission should set up a public information system for the registration of complaints, informal pre-infringement investigations, and infringement procedures (including the proactive publishing of key documents concerning investigations). Improved transparency around ongoing cases is crucial for enabling public scrutiny and for creating accountability about the Commission's use of its powers in this field.

3: These include:

- Expanding the 2020 Proportionality Test Directive, which would force governments to provide far more elaborate justification for new regulations around services.
- Introducing a single notification window, which could transform the lighter model that currently exists for services notifications into the much stricter notification and approval system that exists for national-level rules for product standards.
- Setting up Single Market offices to "address Single Market barriers" could create new obstacles at an early stage of national and sub-national decision-making processes.

4: Provisional agenda [Council Working Party on Competitiveness and Growth](#), 15 June 2023.

*For further correspondence on this issue please contact: Olivier Hoedeman, Corporate Europe Observatory (CEO), Rue d'Édimbourg 26, 1050 Brussels
olivier@corporateeurope.org*