

## Orgalim key recommendations on the single market

### Introduction

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,819 billion, manufacturing one-third of all European exports and providing 11.9 million direct jobs. Collectively, our industries develop and manufacture the products, systems and services that guarantee a prosperous and sustainable future.

The [Orgalim policy agenda for a European high-tech manufacturing base](#) identifies six key areas policymakers should prioritise during the 2024-2029 legislative cycle in order to unleash Europe's high-tech manufacturing potential and make our net-zero future a reality:

- Decrease the regulatory burden
- Regain global leadership in research and innovation
- Recommit to the single market
- Make digital legislation work for manufacturing industries
- Remove trade barriers
- Ensure a competitive and secure energy supply

This paper will provide the technology industries' key recommendations as regards the single market, arguably our greatest asset in the race to secure Europe's long-term industrial competitiveness, generate wealth, safeguard jobs, and guarantee the net-zero transformation.

GDP across the EU is nearly 10% higher thanks to the single market<sup>1</sup> and the intra-EU free movement of goods has increased more than five-fold in 30 years.<sup>1</sup> Totalling more than 440 million consumers, the single market has helped turn the EU into the world's largest trading bloc, with its businesses accounting for a quarter of global exports in services and a fifth of high-tech goods.<sup>1</sup> Nevertheless, the growing complexity of the EU's regulatory framework over recent years threatens to undermine this source of prosperity and – with it – our strategic objectives.

It is imperative that the EU **recommits to strengthening and deepening its single market**. This should be a policy priority for the incoming European Commission.

## Recommendations

There are a wide range of valuable proposals under discussion on how to strengthen and deepen the EU's single market including, for example, establishing a Capital Markets Union, improving intra-EU infrastructure, and reducing our energy dependencies.

This paper does not seek to comment on all of those proposals but, instead, to focus on our priorities from the perspective of manufacturers subject to EU product-specific legislation and make key recommendations to the incoming Commission, so that our industries can best serve the EU in achieving its strategic objectives.

It is our view that the Commission should:

- **Remove persistent single market barriers and reduce the regulatory burden**
- **Ensure product legislation is enforceable and consistent with the New Legislative Framework**
- **Preserve and strengthen the European standardisation system**
- **Strengthen market surveillance with more checks on the ground**

### Remove persistent single market barriers and reduce the regulatory burden

Over the past decade, facilitating cross-border business activity across the EU Member States has not been at the forefront of policymakers' actions. The proper, systematic enforcement of already existing single market rules by the authorities has been neglected and obstacles flagged by the business community – including start-ups and SMEs – remain unaddressed, with no straightforward procedure or governance structure to remove them. There are over 100 remaining obstacles across all economic sectors, such as a lack of harmonised rules, divergent labelling requirements, and complexities at national level, to name but a few.<sup>1</sup> The financial benefits of removing the barriers to a fully functioning single market for goods and services could amount to €713 billion by the end of 2029.<sup>2</sup> The price of not doing so could be even greater.

In their everyday efforts to achieve quality, competitiveness and compliance, our industries find that the sheer volume of new EU legislation is creating an unnecessary and disproportionate regulatory burden because of excessive, badly designed or overlapping requirements (these include too short transition periods, unnecessary administrative burdens for Declaration of Conformity, instruction manuals and CE marking, duplication of reporting obligations, etc.).<sup>3</sup> Instead of improving policy outcomes, this situation undermines Europe's attractiveness for investment and innovation.

Unenforceable and overly prescriptive requirements in new or reviewed legislation must be improved by including new competitiveness checks in impact assessments as well as by increased coordination between Directorate Generals of the Commission. Europe needs to re-double its efforts to remove remaining single market barriers and reduce the regulatory burden.

President von der Leyen's commitment to reduce reporting requirements by 25% is a positive first step in the right direction, but further initiatives to reduce the regulatory burden must be implemented<sup>4</sup>. High level reports, such as Enrico Letta's "Much more than a market"<sup>5</sup> report, and Mario Draghi's awaited report on the future of European competitiveness, signal new political interest in maximising the potential of our single market. These are extremely positive and welcome developments. However, they must be matched by concrete actions on the ground by policymakers. Amongst other things, one possibility to explore could be the appointment of a Commissioner for Market

<sup>1</sup> [Single Market Obstacles: Compendium](#)

<sup>2</sup> [Identifying and addressing barriers to the Single Market, 2020](#)

<sup>3</sup> [Feedback: Administrative burden – rationalization of reporting requirements, 2023](#)

<sup>4</sup> [Feedback: Administrative burden – rationalization of reporting requirements, 2023](#)

<sup>5</sup> [Much more than a market](#), Enrico Letta, April 2024

Integration who would act to prevent new barriers from being introduced and spearhead efforts to remove existing single market barriers.

### Ensure product legislation is enforceable and consistent with the New Legislative Framework

The best compass for developing well-designed product legislation is the New Legislative Framework (NLF). The NLF has had real, tangible benefits in increasing trust among Member States and allowing the circulation of products in their territories, thereby strengthening the single market. It also ensures coherence across EU product legislation, and helps stakeholders understand and apply the rules in a consistent manner by providing a common set of principles, definitions, conformity assessment procedures, market surveillance processes, etc. Furthermore, it has been beneficial in opening up the EU market to SMEs, thanks to the use of harmonised standards and the option for manufacturers to use self-declaration of conformity (Module A – Internal production control).

Unfortunately, in addition to the large amount of new, and sometimes conflicting, legislation which has been enacted, we are also witnessing increasing deviation from long-established elements of the single market enshrined in the NLF. As a result, the increasingly complex and fragmented regulatory environment has made the EU less attractive for investment and hampered the scale-up of companies. A well-functioning single market is indispensable to incentivise investment and innovation in Europe and guarantee the technological solutions of tomorrow.

The NLF is a success story for the single market and its achievements are the best argument to make the NLF the framework of every proposed new piece of legislation. The new Commission must ensure that the core NLF principles remain unaltered, and that its effectiveness is preserved.

## Preserve and strengthen the European standardisation system

### Guarantee the timely delivery of harmonised standards

One of the key principles of the NLF, and the cornerstone of the “New Approach”, is the separation of essential requirements laying down general principles (in legislation) from detailed technical specifications (formulated in harmonised standards) for the products covered. Harmonised European Standards (hENs) cited in the Official Journal of the EU (OJEU) play a fundamental role in guaranteeing access to the EU market, as well as the excellence and safety of our manufactured products. Their development is a highly regulated process of extensive collaboration between a range of actors including industry experts, academia, and civil society under the supervision of European Standardisation Organisations. More than 3,600 harmonised standards support the functioning of the single market<sup>6</sup> by providing – if used by the manufacturer – presumption of conformity and access to the single market. Their timely development and citation in the OJEU is therefore crucial to maintain the strength of the European standardisation system, but is hampered by a very complex and bureaucratic approval process which has caused significant delays. Orgalim acknowledges that the Commission and the European Standardisation Organisations have invested significant time and energy to address operational obstacles and streamline processes. The new approach is now being tested and we will continue to monitor its impact.

### Avoid the “judicialisation” of standardisation

Aside from operational and administrative obstacles, our industries fear that the European Standardisation System (ESS) is threatened by a more fundamental challenge to its very existence which has been brought about by an increased “judicialisation” of standardisation and by increased distrust in the system.

We encourage the new Commission to start a new chapter in the standardisation debate, focusing on renewing trust in the system and in the role industry experts’ play in standardisation. The public-private partnership established for the

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<sup>6</sup> [An EU Strategy on Standardisation, European Commission, February 2022](#)

development of hENs must be rooted in the conviction that all stakeholders involved act in the best interests of the partnership itself.

### **Ensure realistic transition periods to allow for proper development and deployment of new standards**

Whilst manufacturers welcome the revision of outdated legislation, or the proposal of new legislation where necessary in order to update our legislative framework and make it fit for purpose, this often necessitates the development of new standards. On numerous occasions, however, insufficient time is allowed for the development of these standards, which in turn creates uncertainty for manufacturers placing products on the single market.

When preparing legislation that would necessitate the development of new harmonised standards, the Commission must put forward proposals that are realistic in terms of their timeframes. Sufficiently long transition periods between the legislation's publication and its application are necessary to guarantee legal certainty.

Moreover, when defining transition periods, legislators should ascertain whether the envisaged period allocated for the industry to implement the changes can also be realistically achieved, i.e. using what is known as the plausibility check<sup>7</sup>.

### **Support the EU's position as a standard-setter in international fora**

In addition to the development of hENs, it is important to note that the vast majority of standards created at international or European level are not part of the hEN framework. These standards are extremely important as they are key to strengthening the competitiveness of European industries world-wide and can contribute to promoting EU values internationally. For this reason, standardisation activities at the international level, and the role of European stakeholders in international standardisation activities, should not be overlooked. We expect the new Commission to reinforce cooperation with like-minded third countries in the field of standardisation and continue to promote the participation of European stakeholders in international standardisation activities. The High-Level Forum on European Standardisation and the EU-US Trade and Technology Council both have an important role to play in this regard, respectively by identifying items in international standardisation that are of strategic interest to the EU, and by cooperating towards the development of standards that are in line with the EU's and the US's core values.

## **Strengthen market surveillance with more checks on the ground**

An effective system of market surveillance is crucial for guaranteeing the safety of products that are made available on the EU market and the protection of EU citizens. It also has a key role to play in ensuring fair competition, notably regarding imported products, as around 75% of identified hazardous products come from outside the EU.<sup>8</sup> This means an adequate number of checks by national market surveillance authorities on the ground are necessary to ensure that these products are in fact compliant with EU law.

Indeed, insufficient market surveillance increases the likelihood of unsafe products being made available on the EU market, and opens the door to unfair competition. Considering increased requirements for third party certifications as part of the solution is a fundamental mistake. There is no data to support the view that products that were subject to third party conformity assessment are safer and of better quality than those that have been subject to self-declaration. Moreover, applying disproportionate conformity assessment obligations on the manufacturer would entail significant costs, without actually improving consumer safety. Finally, third party conformity assessment costs are saved by rogue traders and their non-compliant, dangerous products cannot be removed from the market without the enforcement of rules by market surveillance authorities.

The new Commission must fully realise its role in ensuring the smooth functioning of the single market, by closely monitoring the implementation of the Market Surveillance Regulation through national authorities. It should seek to

<sup>7</sup> [Enhancing EU manufacturing competitiveness with a future-proof approach to placing products on the Single Market](#), Orgalim, June 2023

<sup>8</sup> [Much more than a market](#), Enrico Letta, 2024

address any weaknesses identified by the evaluation of the Market Surveillance Regulation using the tools already foreseen by the Regulation itself. For instance, where specific risks or serious breaches of applicable Union harmonisation legislation have continually been identified, the Commission should adopt implementing acts that determine the uniform conditions of checks, criteria for determination of the frequency of checks and number of samples to be checked. Such acts should be complemented by equivalent implementing acts outlining benchmarks for imported products. This could also include giving guidance on how to ensure the seamless flow of information between market surveillance and customs authorities for the purpose of strengthening market surveillance, and further investment in EU testing facilities should also be explored. A dedicated Chief Enforcement Officer, working hand-in-hand with the Commissioner for Market Integration, could be tasked with overseeing proper and coordinated enforcement by market surveillance authorities in Member States. Finally, the Commission must meet its own obligations with regard to reporting. New resources should be allocated if a lack of resources is preventing the Commission from doing so, given the significance of market surveillance for the proper enforcement of harmonised legislation.

## Links to Orgalim publications

### Orgalim Policy Agenda and key recommendations for the upcoming EU legislative period 2024-2029

- [Orgalim Policy Agenda](#) for a European high-tech manufacturing base
- Orgalim [key recommendations on the circular economy](#)
- Orgalim key recommendations for the 2024-2029 legislative cycle on energy and climate, on digital policy and on trade policy will soon be available on [Orgalim website](#)

### Position papers, joint letters and joint statements

- Joint letter on [deepening the EU Single Market and renewing the dynamic of European integration](#)
- Joint statement: [Europe Must Maintain Industry Know-How For Its Standardisation System to Succeed](#)
- [Orgalim response to the European Commission call for evidence for an evaluation of the regulation on European standardisation](#)
- Orgalim position on [enhancing EU manufacturing competitiveness with a future-proof approach to placing products on the Single Market](#)
- Orgalim position on [securing Europe's industrial competitiveness](#)
- Orgalim position on the [Machinery proposal – mandatory third party certification is a step backwards](#)
- Orgalim case studies: [Technology in Action](#)

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