

EU Single Market - Continuing the Success Story!

The machinery and equipment manufacturers benefit from the European Union more than almost any other industry. However, political enthusiasm within the EU has waned considerably in recent years. Instead of further developing the internal market, there are even noticeable tendencies towards dismantling it. In addition, there are national egoisms outside the EU. The VDMA, on the other hand, is calling for a steady expansion of the internal market to continue its 30-year success story.

Unprecedented success story

The EU Single Market is at the heart of European integration. The cross-border movement of people, goods, services and capital has created new opportunities not only for companies but for every individual. Overnight, customs clearance became superfluous - an advantage especially for strongly export-oriented industries such as machinery manufacturers. However, the freedom that has already been created should not be squandered by increasingly overly bureaucratic regulations, such as new and complicated customs regulations. The processing of VAT within Europe also continues to be a major challenge for many companies. The pandemic has shown just how much the internal market can be endangered by national go-it-alones. The lesson to be learned from this must be to keep the borders within the EU internal market open at all costs.

Europe's global trump card

The Single Market is Europe's trump card in the world. It not only brings advantages for companies on the European market, but has also facilitated access to third markets for many. The EU is already closely networked with the world. This is reflected in trade agreements with more than 75 countries and regions. The prospect of giving its partners access to a single market of 27 member states and around 450 million consumers puts the EU in a strong negotiating position to push for the abolition of tariffs, the removal of technical barriers to trade and a level playing field.

Call for more free trade

However, free trade agreements can only have a positive effect if they enter into force. The EU must therefore ensure that the free trade agreements with Mercosur and Mexico are finally implemented. The ongoing negotiations with India, Indonesia and Malaysia must also be accelerated. Complete free trade with the USA must also remain the goal. The VDMA advocates that the EU and the USA at least start negotiations on a lean free trade agreement that dismantles all industrial tariffs and creates relief for non-tariff trade barriers.

ShortFigures

Did you know that more than 44 percent of all exports by German machinery manufacturers go to other EU countries?

Internal market also for services

However, the internal market should not only function smoothly for goods and capital, but also for services. In the machinery industry, selling machines without assembly, commissioning or service and maintenance is unthinkable. Highly qualified employees are therefore involved in the cross-border provision of business-related services.

The suspicion of social dumping in this context is completely unfounded. Nevertheless, companies are exposed to cumbersome requirements under the Directive on the posting of workers. The result is a patchwork of national reporting obligations, which creates considerable bureaucratic burdens for work assignments within Europe. The implementation of the Posting of Workers Directive violates the freedom to provide services and the free movement of persons in some EU countries.

"Bureaucracy monster" Supply Chain Act

The planned EU Sustainable Due Diligence Directive (SDDD) threatens to become an even bigger "bureaucratic monster". Of course, human rights must be respected worldwide and child labour must be restricted. Industry also has a duty here. But if regulations such as the SDDD place all companies and their suppliers under general suspicion, the proportionality principle is ignored, especially if not even suppliers from the EU internal market are not exempted.

Challenge Digitisation

In order for businesses to benefit optimally from digitalisation, the EU also needs an internal market for digital products and services. However, in view of its regulatory zeal, the question arises as to whether the EU is not overshooting the goal of creating a digital single market. Too many regulations and small-scale rules threaten to thwart the good intentions.

Conclusion

Even good things can get better. This includes the EU's internal market. This is especially true when new protectionist efforts and sometimes absurd bureaucracy jeopardise what has been achieved. Digitalisation in turn challenges the EU to enable new business models. The EU must accept the challenges of constantly improving and developing the internal market, which functions well in itself.

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