The F4F Platform contribution to the 2023 Foresight report. The opinion aims to give concrete input to the simplification-oriented area for action of the 2023 Commission’s Strategic Foresight Report on Sustainability at the heart of the EU’s open strategic autonomy: what strategic decisions need to be made to ensure a socially and economically sustainable Europe with a stronger role in the world in the coming decades?

The opinion will build on methodology and evidence collected in the opinion “How to favour interconnectivity between the Digital and the Green transition, including through simplification?” and on the simplification action contained in the 2022 Foresight Report, namely “Ensuring a future-proof
regulatory framework for the Single Market, conducive to sustainable business models and consumer patterns”.

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Short description of the legislation analysed

There is no specific legislation analysed.

Problem description

*Existing evidence suggest the following issues:*

There are undisputed huge economic gains from a well functioning single market. The exports of goods to other EU countries amounted to EUR 671 billion in 1993, they rose to more than EUR 3.4 trillion in 2021. The EU single market accounts for 56 million jobs and 25% of EU’s GDP. By the year 2029, if the policies advocated by the Parliament were to be adopted by the Union’s institutions and then fully implemented, there are potential gains to the EU of over EUR 2,200 billion that could be achieved. The single market is a shared responsibility between the EU and its Member States. The diversity, geographical and geopolitical individualities of Member States enrich Europe, and therefore needs to be always taken into account in policy making.

However, as things stand, there remains further potential for legislative harmonization between EU and national level and in some cases, differences exist in the interpretation and application of EU law, namely caused amongst others also by gold plating in the transposition of EU law into the national laws, which can obstruct the free movement of people, goods, services and

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3. [Europe’s two trillion-euro dividend: Mapping the Cost of Non-Europe, 2019-24](https://www.europa.eu)
capital or the fundamental EU objectives of social progress and sustainable development. The integration of EU policies has not been even across all domains and Member States. With the challenges in the last decades, we saw increased levels of inequalities at the expense of increased social and territorial cohesion and upward convergence. We witnessed a deeper economic integration compared with a shallower social integration with significant differences within and among Member States, as demonstrated also in the 8th Cohesion Report.4

The EU has been facing a series of serious challenges, starting with the 2008 financial crisis, the 2015 migration crisis, the 2020 pandemic and the 2022 Russian war against Ukraine and the consequent energy crisis. Though each of these crises posed a different challenge to the EU, jeopardising the political, social and democratic support for further EU integration, the EU has managed to emerge stronger from those crises – mainly because it acted in a spirit of unity and solidarity, upholding its common values.

One of the key challenges of the single market in the coming years will be to anticipate and manage change, functioning as a driver for competitive, sustainable and inclusive markets. The single market is currently contributing to the goals of digital and green transitions, which should be designed to ensure that people and industries are supported fairly and adequately. The twin transition has deep implications for the single market and it must be accompanied by measures supporting a fair transition where enterprises can play a strong role in progressing the single market and where workers and citizens are empowered to benefit from the opportunities provided by the transition and at the same time avoid risks that transition might pose, such as loss of jobs and poverty. At the same time, the goal of a climate neutral Europe by 2050 has been enshrined in EU laws, setting out a very ambitious direction of travel for forthcoming legislative developments. Besides, new business models may require new single market legislation.

As pointed out in the report Regulating for a sustainable and resilient single market5, ignoring the social aspect of the green and digital transitions causes inequality, results in undermining political as well as territorial cohesion and generates resistance to ecological and technological transformations.

The most commonly reported obstacles include: complex administrative procedures, potentially overlapping legislation, uneven (and insufficient) administrative capacity across Member States (including skills gap), challenges in public procurement processes, insufficient regulatory freedom for innovation6, difficulty in getting information in cross-border transactions and challenging business environment in some Member States with excessive red tape.7 Often reported are also different interpretations and application of single market rules or lack of enforcement. There is also an increasing concern of the speed and volume of many new

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4 8th Cohesion Report: Cohesion in Europe towards 2050
5 Andhov M., Biondi A., Rubini L., Regulating for a sustainable and resilient single market: Challenges and reforms in the areas of state aid, competition and public procurement law, 2023, p.10;
6 For example, barriers to creating sandboxes for experimentation in the quest for climate neutral solutions in an urban environment. Furthermore, a coherent and strategic approach for innovation friendly EU legislative framework for new technologies (such as bio solutions, see: F4F Platform opinion on biosolutions) will further facilitate green transition and strengthen EU’s global competitiveness and strategic autonomy;
7 Akgüç M, Countouris N, Hancké B, Pochet P: Rethinking the European single market: Moving towards new frontiers for a highly competitive, socio-ecologically sustainable and resilient Europe, September 2022, p.14;
complex and horizontal legislative acts being proposed at EU level, where content and effects remain unclear to both business and authorities. This impedes the strive for a predictable, stable and only as complex as absolutely necessary regulatory environment in the EU. Anticipation of the full impact of new pieces of legislation could also help Member States to better transpose and implement directives into their national legal systems and thus avoid unintentional gold plating\(^8\) which can be an important source of administrative burden.

After 30 years of market integration, the EU single market has reached a level of maturity which necessitates a new approach to integration. To this end, the fundamental objectives of the single market as enshrined in the Article 3 (3) of the Treaties, namely a highly competitive social market economy characterised by sustainability and social progress, should be the guiding principle at the heart of all future initiatives.

The Fit for Future Platform has acknowledged the issues raised by the legislation concerned as follows:

**Regarding: modernisation and future proofing of existing laws, including via digitalisation, the efficient labelling, authorisation and reporting obligations, the simplification of EU legislation:**

- The Fit for Future Platform recognizes the need to modernize and future-proof existing laws to better accommodate the ongoing digital and green transitions that are at the same time socially just. By streamlining and simplifying EU law, enterprises, consumers and public authorities can operate more efficiently, with increased legal certainty and with reduced administrative burdens. At the same time existing social and environmental protection standards have to be preserved and further developed. The impacted stakeholders among others include small and medium-sized enterprises (SMEs), which often face significant regulatory challenges, large corporations seeking to expand across borders, public administrations responsible for implementing and enforcing regulations, and consumers who should benefit from a transparent and easily accessible single market.
- Specific issues encountered at local and regional levels are disparities in administrative capacities (including skills gap), varying interpretations of EU law, that impede effective communication and cooperation across levels. These issues impact local and regional governments, which must navigate complex regulations and enforce them effectively, as well as businesses and individuals operating at the local and regional level, who may face inconsistent or unclear regulatory environments. Additionally, communities and citizens may experience uneven access to the benefits of the single market due to these challenges, potentially exacerbating regional inequalities and undermining social cohesion.

\(^8\) Understood as a notion of applying requirements and administrative burden by Member states when transposing directives in national legal systems;
**SUGGESTIONS**

**Suggestion 1: Further integrate strategic foresight in decision-making**

**Description:** The current impact assessments of the European Commission include the environmental, social and economic impacts, including impacts on small and medium enterprises and competitiveness, and an explicit statement if any of these are not considered significant. They must also discuss who will be affected by the initiative, present the consultation strategy and the results of all stakeholder consultations. However, not all sorts of impacts can be assessed in quantitative terms on the basis of a short-term perspective, but require a more qualitative and long-term understanding of the theory of change, based on (mega) trends analysis, including impacts on fundamental rights as well as working and living conditions. Quality regulation that delivers for all is a long-term investment in our shared future. Furthermore, impact assessments do not touch on the consequences for application and enforcement of single market rules by Member States and their competent authorities.

In the 2022 Fit for Future Platform opinion on *How to favour interconnectivity between the digital and the green transition, including through simplification*[^9] the Platform called for reinforcing the already existing assessments of the Commission of non-action in the impact assessments. Additionally, the Platform called for consideration of the combined effects of the EU legislation as regards different categories of stakeholders, such as SMEs and other small companies, large undertakings, enterprises active in different sectors, workers, consumers, and local and regional authorities (LRA) in rural areas.

Legislation must be conceived to be future-proof: respond to current but also upcoming mid- and long-term (mega) trends, challenges and uncertainties, while remaining technology neutral and being able to offer the necessary protections for the people. Emerging technologies can influence legislative requirements. Hence, it is essential to better understand emerging technologies and better assess dependences such as those highlighted during the covid-19 crises (chips or vaccines for instance). In this regard, it may be among others desirable to build up strategic intelligence capacities at EU level to identify current or future strategic or critical technologies (foresight) and to monitor the EU’s ability to access these technologies (for ex. degree of dependence on other countries). The protective and governance function of regulation is key to recognise in this regard, also allowing developments and transformations to be managed and shaped in a way that leaves no one behind and cater for future generations. This requires a more holistic approach also in terms of stakeholder engagement in democratic processes, as well as e.g. respecting the autonomy of the social partners, given that social dialogue and collective bargaining play an important role in anticipating and managing challenges and change in concrete terms.

The Commission has already integrated elements of strategic foresight in better regulation with the revision of its framework in 2021. As of 2022, impact assessments integrate foresight analysis and the Regulatory Scrutiny Board pays specific attention to the quality of such

forecasts. Anticipation of how the long-term megatrends, identified by strategic foresight will impact the scope of new legislative proposals as well as non-legislative initiatives and implementing and delegated acts should help to identify the most sustainable ways to overcome various crisis phenomena.\textsuperscript{10}

In the past decade, we have witnessed reactions to the crises in a manner that further fragmented the single market. Intra-EU export restrictions and other restrictive measures from Member States, especially in the initial stage of the pandemic were harmful for the single market and hampered free movement. Furthermore, the pandemic, for example, accelerated structural economic and societal change, creating some risks for cohesion as firms were adjusting at different speeds to the emerging recovery phase, marked by a stronger emphasis on digitalisation. It highlighted gaps among regions and societal groups\textsuperscript{11}. Foresight can ensure further strengthening of resilience and adaptability to crises, such as the financial crises in 2008 and different containment and support measures during the Covid-19 pandemic. Foresight can help to better anticipate the long-term effect of legislative and policy options and help to maximize their benefits while reducing their unwanted negative impacts and some of the issues leading ultimately to the fragmentation of the single market. Alongside the Commission impact assessments, the considerations of the strategic foresight could be made more prominent in the process of preparation of EU laws to allow the legislators to make informed decisions so as to make sure that for example economic, social and environmental considerations are given due regard at all stages of the legislative process. To this end, it would be worthwhile as well to foster greater cooperation between the EU and national foresight units/offices (see: Suggestion 4). The Platform recognises that impact assessments are mandatory for all major initiatives tabled by the Commission. It stresses nevertheless that exceptions from this requirement are not to be made for major proposals, unless under extreme and justified circumstances.\textsuperscript{12}

Furthermore, the Platform emphasizes that legislation should consider the combined effects of the EU law regarding different categories of stakeholders, such as all types of SMEs and other small enterprises, as well its cumulative impacts on such stakeholders. Carefully designed legislation that is tailored to the needs of their small-scale structures can significantly improve their planning security to be able to amortise investments in the long term.

**Expected benefits:** Adoption of the strategic foresight approach across the policy cycle could help better anticipate future developments of the issues that the legislative or non-legislative initiatives intend to tackle and ensure more future-proof solutions, while ensuring a more forward-looking balanced approach to impact assessments, ensuring among others that economic, social and environmental considerations are assessed with the same level of detail, taking into account not only short-term economic benefits, burdens and costs but also the long-term competitiveness, sustainability and intergenerational fairness. Through a better and more nuanced reflection about the future, considering different scenarios, the foresight could be more

\textsuperscript{10} \url{https://eujournalfuturesresearch.springeropen.com/articles/10.1007/s40309-014-0055-4#citeas}

\textsuperscript{11} 8th Cohesion Report: Cohesion in Europe towards 2050

\textsuperscript{12} This should apply without prejudice to the social partners agreements as outlined in the Communication on Strengthening social dialogue in the European Union, stating that an impact assessment may be conducted on social partners agreements. The Commission recognises social partners’ knowledge on the possible impacts their agreement could have on businesses and workers;
useful for long term policy considerations and for long term strategy development. Moreover, it could better respond to crises and technological, systemic and societal transformations.

**Suggestion 2:** Exploring balanced policy making by applying a competitiveness check and ensuring an adequate analysis of social impacts

**Description:** Continuous improvement of the quality of impact assessments is key. Impact assessments are indeed an essential element of the Commission Better Regulation agenda, allowing to reflect the impact of legislative initiatives. The Platform recognizes the already comprehensive tools in the area of Better Regulation, including 69 tools, with 600 pages of Guidelines on them, recently revised in November 2021. The current impact assessments already include descriptions of the environmental, social and economic impacts, which should enjoy equal consideration and should not exclude but reinforce each other. In that context, a key role can be played by the competitiveness check that should not create new instruments but highlight in a more consistent and visible way the impacts that a legislative proposal might have on competitiveness.

In particular, the competitiveness check should evaluate in an evidence-based, policy-neutral and outcome-open way, possible impacts of a proposal on the economic competitiveness of companies, sectors and economies, including on a global scale.

As stated in the EESC’s Opinion on the competitiveness check, it should be a key part of balanced EU decision-making and should be applied in the context of any EU policy and law-making process. Moreover, in line with the Treaty objective of a highly competitive social market economy, the competitiveness check should be performed in a holistic way by considering the whole process, from investment-decision to operation. It should also include analysis of long-term sustainability in all sectors of the economy. Awareness of competitiveness impacts of legislation as well as a competitiveness-sensitive mindset in making decisions is key. Thus, the check should consider the impact on businesses, consumers, employment, working conditions at various levels, including compliance costs and other direct effects, multiplier impacts on value chains, and their consequent macro-economic impacts. In this regard, attention should be paid to the competitive position of the wide variety of enterprises in terms of sector, size and business model, including social economy enterprises.

At the same time, the policy-cycle should not be driven by economic growth solely and economic progress should not have adverse effects on social progress. It should strive to contribute to the Treaty objective of constantly improved living and working conditions. To this extent, the social impact of initiatives should have more extensive consideration when relevant and draw lessons from the multiple crises we have been living in the last years, from the Covid-19 pandemic to the Russian war in Ukraine, the energy crisis and its resulting costs of living crisis, which have amplified social divergences within and among Member States and citizens. Since there are significant differences among Member States, the territorial impacts as

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13 EESC: A competitiveness check to build a stronger and more resilient EU economy (exploratory opinion);
14 A competitiveness check to build a stronger and more resilient EU economy
prescribed in the Better Regulation Toolbox (Tool #24), including on most vulnerable regions, should continue to be systematically considered in the impact assessments. The Platform invites the Commission to explore introducing also in other areas similar benchmarks to quantify and qualify the social impact as embedded in the current social scoreboard in the context of European semester as well as by an eventual Social Convergence Framework\textsuperscript{15}.

**Expected benefits:** The competitiveness check could contribute to the overall assessment of the fitness of the EU enterprises in the social market economy, coupled with stronger focus on social progress and cohesion to ensure a proper balance and adequate analysis of all impacts and thus the long-term social innovation and sustainability as well as expected benefits on workers, enterprises, consumers, citizens and on cohesion in general. The EU should also continue developing favourable conditions for mainstreaming business models based on social innovation and social economy in areas key for sustainability.

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**Suggestion 3: Improve the functioning of points of single contact**

**Description:** Many of the practical obstacles for enterprises in a cross border trade that occur due to the fragmentation of the single market can be solved with points of single contact (PSCs), the Your Europe website\textsuperscript{16} that, in close cooperation with Member States and their e-government portals, provides information on rules, obligations and administrative procedures that service providers need to comply with when starting operations in other Member States, as well as access to problem-solving services and the most important online administrative procedures, within the (wide) scope defined by the Single Digital Gateway Regulation\textsuperscript{17}, while improving companies’ compliance. This can play a crucial role in overcoming administrative difficulties and reducing stakeholder’s administrative burdens in a larger sense. However, the creation of points of single contact, or one-stop-shops, at EU level has increased and are to be found in many pieces of existing and proposed legislative acts, sometimes overlapping, which makes it difficult for both businesses and authorities to make full – and efficient - use of the intended benefits. To ensure that contact points and one-stop-shops do not create additional administrative burdens and confusion, it is important to make sure that proposals for such are coherent and not overlapping. Also, while it is important to leave the Member States the freedom to organise the PSCs, the Platform suggests encouraging the Member States to further promote in their development and their integration with the e-government solutions so as to improve access and transparency for business, while also paving the way for enhanced cross-border cooperation and exchange between competent authorities through digital means.

**Expected benefits:** Improved and coordinated network of the points of single contact and e-government solutions would speed up the administrative procedures and increase legal certainty for the enterprises and strengthen compliance.

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\textsuperscript{15} Following up on the policy debate of the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council on 12 June 2023, on the possible inclusion of the Social Convergence Framework within the European semester;

\textsuperscript{16} [https://europa.eu/youreurope/index_en.htm](https://europa.eu/youreurope/index_en.htm)

\textsuperscript{17} Regulation (EU) 2018/1724 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services;
Suggestion 4:  Further promote regular collaboration and knowledge-sharing among EU and national foresight units/offices

**Description:** To ensure high-level coordination and a holistic and integrated approach to foresight practices across the EU it is necessary to further promote regular collaboration and knowledge-sharing among EU and national foresight units/offices on a technical level. This could take the form of virtual forums, webinars, and other online tools that facilitate communication and collaboration among the above institutions. It is also recommended to provide funding opportunities for joint research projects and initiatives that involve multiple national foresight institutes. This could help foster closer collaboration and ensure that foresight analysis is more closely aligned across the EU and also capitalise on the national foresight experience to develop solutions for issues faced at the EU level; in particular when it comes to assessing more long-term impacts including sustainable development in terms of social and environmental impacts. More cooperation would also be needed to enhance technological foresight including regarding dependencies. Finally, it is important to promote the use of foresight analysis in EU policy-making by providing training and support to policymakers on how to integrate foresight into their decision-making processes. This could help ensure that foresight analysis is more widely recognized and valued across the EU, and that it plays a more significant role in shaping the future direction of EU policies and initiatives.

**Expected benefits:** Improved collaboration and knowledge-sharing, more consistent and aligned foresight analysis, enhanced quality of foresight analysis, greater impact of foresight analysis on policy-making, improved future-proofing of EU policies and initiatives.

Suggestion 5:  Encourage EU-wide standardisation and interoperability to facilitate cross-border transactions and reduction of administrative burdens

**Description:** Encouraging the standardisation and interoperability of administrative procedures across Member States could help reduce the administrative burden on businesses that operate across borders. It could also facilitate cross-border transactions, strengthen compliance and improve market access for businesses of all sizes. This could be achieved by promoting the use of common data formats, digital identities, and electronic documents across the EU, in compliance with EU legislations (e.g., eIDAS Regulation on electronic identification and trust services for electronic transactions in the internal market, Single Digital Gateway Regulation). However, this should not impact the standardization of the procedures that might fall within the competence of the Member States.

**Expected benefits:** EU-wide standardisation and interoperability could reduce costs and administrative burden for businesses, especially small and medium-sized enterprises (SMEs), and improve market access for businesses of all sizes, thereby supporting the growth of the single market.
Suggestion 6: Strengthen coordination and collaboration among Member States and between the EU and Member States to ensure consistent implementation of EU law and reduce fragmentation in the single market

**Description:** Strengthening coordination and collaboration among Member States and between the EU and Member States could help ensure a consistent implementation of EU law and reduce fragmentation in the single market. This could include the development of common guidelines and best practices, as well as the establishment of a single point of contact for businesses seeking information on cross-border activities (see: Suggestion 3). The implementation of digital tools has a big potential in terms of improved cross-border information exchange and verification, but also requires that national administration is digitalised. Disparities in the implementation and application of EU law could be additionally addressed by supporting better training and capacity-building for national officials and judges to ensure consistent implementation, application, and enforcement of EU law throughout the EU. Namely, more support could be provided in terms digitalisation efforts, of technical assistance, training and knowledge-sharing between Member States. Additionally, further exchanges of good practices and knowledge sharing between the competent authorities would be desired. The Commission could map the current cooperation in different policy field in order to learn lessons and collect best practices.

**Expected benefits:** Strengthening coordination and collaboration could improve the consistency and predictability of the regulatory environment for businesses, reduce fragmentation in the single market, and facilitate cross-border activities.

Suggestion 7: Enhance the role of digitalisation and data in the single market

**Description:** The single market is currently undergoing digital and green transitions, and digitalisation and data play a key role in this process. Therefore, the Platform suggests enhancing the role of digitalisation and data in the single market by strengthening the digital single market and facilitating cross-border data flows. This could include measures such as the creation of European Data Spaces and the development of a framework for trustworthy artificial intelligence. Furthermore, it is important to ensure that digitalisation and data-driven technologies are accessible to all, and that the regulatory framework encourages innovation while maintaining a human-centred approach with high standards of protection for individuals and businesses, in compliance with EU legislations (e.g. General Data Protection Regulation, the future Artificial Intelligence Act). Finally, “digital” and “green” competencies should be given a priority in the education curricula to form skills for sustainability and ensure digital literacy globally.

**Expected benefits:** Enhancing the role of and focus on digitalisation and data in the single market would support the digital and green transitions and facilitate cross-border trade, while ensuring that data-driven technologies are accessible to all and maintaining high standards of protection for individuals and businesses. This would ultimately increase the competitiveness and sustainability of the single market.
Suggestion 8: Address obstacles to cross-border provision of services

**Description:** The provision of services is a crucial aspect of the single market, but there are still many obstacles to cross-border provision of services, such as restrictive national legislation, cross-border use of digital identities, and complex administrative procedures. Therefore, the Platform suggests addressing obstacles to cross-border provision of services in ways that benefit business and workers, as well as consumers, e.g. by promoting further mutual recognition of qualifications and skills, cross-border use of digital European identity wallet and Single Digital Gateway in order to improve access to information and simplify cross-border administrative procedures. In this sense, it is important to ensure a level playing field for service providers across the EU and to ensure that consumer protection is not compromised in the process.

**Expected benefits:** Addressing obstacles to cross-border provision of services would facilitate the free movement of services within the EU, increase competition on fair and equal terms, and enhance the competitiveness of the single market in a way that it brings benefits for business, consumers and citizens.