

Non-tariff barriers in the Single Market

The Single Market was launched more than 20 years ago, yet a considerable number of non-tariff barriers (NTBs) still exist, despite the fact that this should no longer be the case. NTBs come in many, often disguised, forms and substantially reduce the benefits of the Single Market.

Non-tariff barriers, an anachronism in the Single Market

Tariff barriers were scrapped half a century ago in the European Economic Community, but many NTBs, which the [Single Market](#) targeted for removal following the [Single European Act](#) in 1986, still exist. They hinder the free movement of goods, services, capital and people, and thus run counter to the fundamental principles of the European Union. The trade barriers remaining result from a wide range of situations, such as lack of implementation and inconsistent enforcement of rules (e.g. those of the [Services Directive](#)) and unclear definitions. They can also result from gold-plating – adding national requirements to [European law](#), including unjustified technical rules. The same is true of excessive constraints, including fees and inspection charges. Complex VAT regimes, as well as tax deals between large firms and national administrations, may constitute major barriers. A fractured banking sector makes it difficult to open accounts in another country. There is also discrimination regarding access to and the exercise of regulated professions.

The effects of NTBs on businesses, consumers, and the economy as a whole

For businesses, NTBs make supply chains more expensive, and mean that the benefits of economies of scale cannot be fully attained owing to residual divergences. Differences in the legal and administrative environment create high levels of uncertainty, and increase the administrative burden as well as compliance costs. Enterprises are forced to comply with diverging standards, and products may have to undergo multiple testing when sold in more than one country, which is in contradiction with the mutual recognition and free circulation of products. Businesses operating in another Member State may face unequal competition conditions compared with local enterprises. As a consequence, the level of cross-border public procurement is expected to be reduced. Small and medium-sized enterprises (SMEs) wishing to conduct business or expand into other Member States can be particularly hard hit by NTBs. Consumers are affected by NTBs too, as they can face a reduced choice of products and services, higher costs and inferior quality. [Eliminating](#) NTBs would play a central role in the completion of the Single Market.

Eliminating NTBs: the European Parliament's demands

The own-initiative [report](#) of the Committee on the Internal Market and Consumer Protection (IMCO) ([rapporteur](#): Daniel Dalton, ECR, UK), referring to the [Communication on upgrading the Single Market](#), asks the Commission and Member States to take a number of decisive steps to eliminate NTBs. The report considers that many NTBs infringe the principles of [proportionality](#) and [non-discrimination](#) and calls for the abolishment of non-justified NTBs. The report also hints at some barriers that can be accepted, such as rules that authorities set for themselves, as well as some restrictions in the field of [regulated professions](#), linked to guaranteeing fair competition, high-quality training and appropriate qualification systems. It urges the Commission to present an overview of NTBs in 2016 and make proposals to overcome them. The report demands that existing legislation be implemented swiftly by the Member States and the principle of [mutual recognition](#) applied for goods that are not harmonised. The enforcement of existing rules, including through [infringement procedures](#), should be prioritised over the creation of new ones, and the repeal of unnecessary legislation should be reflected rapidly in national legislation. The deregulation of certain professions and simplification of VAT are requested in addition to several specific legislative proposals. The [SOLVIT](#) instrument designed to overcome unfair rules and discriminatory red tape meanwhile should be improved. The report is due to be put to the vote at the May II plenary session.

