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The Single Market: our European home market in an uncertain world

Executive Summary

- Unfortunately, it is evident that the **Single Market strategy** is primarily geared towards following the **wishes of companies**. It is to be feared that this will exacerbate existing economic imbalances.
- **No dismantling of hard-won protection standards** under the pretext of cutting red tape: Employee, consumer and socio-political protection standards must remain secure and where necessary, be further expanded.
- Regulations, procedures or purely administrative acts that actually have no added value for employees, consumers or other parts of society should of course be deleted or adapted accordingly. The regulations in question must be reviewed with the involvement of the **social partners**.
- AK is opposed to **the omnibus plans** because they are **extremely questionable in terms of democratic policy** and undermine legal certainty. As a result, safeguards may be undermined.
- A **“Competitiveness Check”**, which is intended to ensure that no new “barriers” are created in EU legislation, is **also rejected by AK**. Many provisions are in the public interest. Impact assessments must not undermine regulations that serve the public interest.
- Attention must be given to measures that benefit as many people as possible. **Investments** in the **social and ecological restructuring** are urgently needed. To make the Single Market fit for the future, energy and rail networks, for example, must be expanded and modernised.
- AK welcomes the revision of the framework for **public procurement** in principle. The focus must be on ensuring that from the outset, contracting authorities **prevent** possible practices of **social and wage dumping** in the subcontractor chain. European added value must also be taken into account within the framework of the best bidder principle, and direct award must be made possible up to a certain threshold value. AK also calls for the retention of direct awards in the public transport sector in accordance with Regulation 2016/2338.
- **Standardisation**: AK welcomes the reform of the Regulation on European standardisation. This is an opportunity to implement the new legal position arising from the ECJ ruling (Malamud ruling) on access to standards and transparency. **Consumer organisations** must be explicitly **involved** to safeguard consumer interests. There needs to be a discussion about what should actually fall under standardisation
- The Commission considers watering down the rules on the **posting of workers** to other Member States. AK emphasises that these plans could lead to increased **wage and social dumping**. The adaptation of the posting provisions could reduce the effectiveness of the regulation. AK cautions against the misuse of **short-term postings of workers** that could lead to wage and social dumping and is calling for more effective enforcement of the existing posting rules.
- The current **level of consumer protection** must not be lowered. The fact that instructions for use for products are no longer available in paper format, but only in digital form, represents a lowering in standards for many people (older people, other vulnerable groups). In general, product labelling, instructions for use and safety instructions are essential for consumers. Information must continue to be tangible available on the product or in the packaging. AK emphasises that everyday consumption must also be possible offline.
- Online platforms from third countries should be denied access to the EU market if they continue to violate EU law (**page blocking**). In view of the large number of parcels, it is not possible to carry out sufficient checks, so the only option is to block them.
- Loosening the **General Data Protection Regulation** would not be acceptable. The GDPR is a cornerstone of legislation on consumer and employee protection. Its provisions must not be deregulated.
- AK considers a **definition of “small and medium-sized enterprises” (SMEs)** to encompass additional **“small mid caps”** to be **counterproductive**. It should be noted that any efforts to simplify reporting obligations and other regulatory provisions must not be at the expense of creditor protection, employee protection and consumer protection. Transparency and mutual trust between market players are a prerequisite for positive economic development. Without appropriate framework conditions, this essential trust is missing, which also harms the companies.
- The removal of **territorial supply restrictions** is generally to be welcomed, as these lead to considerable price differences. The involvement of “major” market players in new regulations is viewed with great scepticism.

AK's Position

Chapter 1: Removing barriers: Doubling down on the “Terrible Ten”

From AK's point of view, it is unfortunately clear that the new EU Single Market strategy only focuses on the perspective of companies and their wishes, instead of placing equal importance on addressing the problems and challenges of all stakeholders in the economy, such as employees and consumers. AK sharply criticises this approach because such a one-sided focus of the Single Market will only lead to further imbalances.

Ad Overly complex EU rules

AK naturally supports the deletion or revision of outdated regulations **that no longer** provide **any added value** for employees, consumers or society. AK is therefore also in favour of the ongoing review of EU laws and regulations to ensure that they are up to date. AK is calling for all social partners to be involved in this review.

However, AK emphasises that employment, consumer and socio-political **protection standards** must under no circumstances be sacrificed under the **guise of cutting red tape**. It is important to ensure that certain standards can also be expanded should this be necessary. Pursuing a deregulation agenda could, on the other hand, lead to uncertainty in terms of both legal and economic policy, which would in turn have a negative impact on the EU economies. AK strongly condemns the use of **wordings such as Gold Plating**, which suggest that national regulations, that provide higher standards of protection for employees and the population than the absolute minimum provided for in EU legislation, would constitute a special luxury. In fact, a lack of rules often **allows unfair players free reign** in the EU economies, creating significant uncertainty for employees, consumers and other sectors of the population.

AK is opposed to the **omnibus** legislative packages on the basis of the arguments outlined above. These packages are also **extremely questionable in terms of democratic policy**. AK expressly advocates compliance with the normal legislative procedure for amendments to existing EU laws.

The communication announces a **“Competitiveness Check”**, which, as a core component of impact assessments, should ensure that no new “barriers” are created by EU legislation. **Many provisions are in the public interest** and to protect employees, consumers and the environment and do not impose barriers. It is important to ensure that an unbalanced bias in impact assessments does not jeopardise regulations in the public interest.

AK welcomes the revision of the framework for **public procurement**. In our view, the focus must be on ensuring that:

- contracting authorities lead by example by preventing **social and wage dumping in the subcontractor chain**. To achieve this, the subcontractor chain must be limited to no more than one link and mandatory general contractor liability must be introduced.
- in times of global system competition, the pursuit of strategic industrial policy objectives in the awarding of contracts is made possible by allowing **European added value** to be taken into account within the framework of the best bidder principle.
- with limited (human) resources are **allowed to award contracts directly** up to a certain threshold. The de minimis rule in EU antitrust law could serve as a model for the lack of tangibility for the Single Market and interstate trade.
- direct awards in the public transport sector should be maintained in accordance with Regulation 2016/2338.
- **reporting and notification obligations** only have to be fulfilled in one place.

In principle, regulations on public procurement must be reserved for the legislator due to their strategic importance for European industrial and economic policy and must not be entrusted to a standardisation institution (CEN). Standardisation must be reserved for technical regulations and is not a suitable tool for regulating the awarding of public procurement contracts.

Ad Lack of Single Market ownership by EU Member States

As already mentioned above, AK strongly criticises wordings such as **“gold plating”**, which obviously only serve to question and reduce **protection standards** for employees, consumers and the population.

The Communication proposes creating the position of a **high-level Single Market Sherpa** in all prime ministers’ and presidents’ offices. This is to monitor the implementation of Single Market rules in its own EU Member State and cooperate with the Sherpas of the other Member States. These special representatives will then meet annually with the national ministers responsible for the Single Market and the Commission’s Executive Vice-President as part of the **Single Market Enforcement Taskforce (SMET)** to discuss how to best drive deregulation within the EU. AK considers this position of Sherpa and the task assigned to it to be highly problematic. We are **against the creation of “high-level Single Market Sherpas”**.

Ad Complicated business establishment and operations

The criticism repeatedly voiced in connection with business start-ups that the procedures for **setting up a company** are **complex**, insufficiently digital and costly **does not paint a true picture**. At an EU level in particular, significant steps have been taken to expand and optimise the use of digital tools and processes in company law with the company law Digitalisation Directives I and II. The **Digitalisation Directive II** was recently published in the Official Journal of the European Union on 10 January 2025 (EU 2025/25) and must be implemented by 31 July 2027. **Micro**, small and medium-sized enterprises (**SMEs**) in particular **will benefit** from these measures at both a European and national level.

At a national level, Austria has also introduced a host of measures to facilitate business start-ups and speed up procedures, notably, the introduction of online incorporation via the Company Service Portal (Unternehmensservice Portal, USP) without a notary for one-person GmbHs (limited liability companies, LLCs) or FlexCos, official notarial acts via qualified video conference including direct payment of the capital contribution to the notary or the introduction of a statutory deadline of five working days for the initial entry of a legal entity in the commercial register.

Despite all measures to promote procedures, it is important to bear in mind that legal structures must be resistant to abuse. On the one hand, these relate to the prevention of money laundering and terrorist funding, for which there are also obligations under EU and inter-

national law. On the other hand, compliance with corporate law standards when founding and managing a company also serves to prevent social abuse and the erosion of employee rights and co-determination as well as the prevention of abusive damage to creditors.

Regarding company formation and management, **AK strongly opposes** the proposed **“28th regime”**, a parallel EU framework for company, labour, tax, and insolvency law alongside the national legal framework. It argues that it **encroaches on the competences of the Member States** and thus violates the principle of subsidiarity. The idea underpinning the “28th regime” of allowing companies to choose between national law and the “28th regime” is bound to lead to a **“race to the bottom”** in social and labour standards, the erosion of co-determination rights and the reduction of minimum standards under company law. Even if the Commission is always at pains to point out that a “28th regime” should primarily promote start-ups and innovative companies, ultimately no company can be excluded from it.

In Austria, the **introduction of FlexCo** was also discussed with the intention of promoting start-ups and innovative companies. However, when drafting the law, it had to be acknowledged that “traditional” companies – regardless of their size – cannot be excluded. FlexCo is therefore available to all companies in Austria, and it is also possible to convert an AG or GmbH into a FlexCo or vice versa. Accordingly, a **“28th regime” would not be limited to start-ups, but would be available to all companies** and the effects would be felt.

Ad Recognition of professional qualifications

According to the Communication, the recognition of professional qualifications is to be organised more quickly and efficiently in order to improve the mobility of workers in the EU. Common rules for the recognition of qualifications of third-country nationals are to be developed to meet the demand for workers.

From AK’s point of view, the following points should be noted:

- Strong **involvement of the social partners** is essential in the development and application of the planned digital tools and systems for the automatic recognition of professional qualifications. Both employees from EU Member States and third-country nationals need good, institutionalised support for the recognition of skills and qualifications.
- Labour market policy must aim to enable jobseekers (in Austria) to realise their potential on the labour market **through training**. Furthermore, third-country

nationals, especially refugees who are already in the country, must be given the necessary support to gain a foothold in the labour market.

- Demographic developments may make it necessary to recruit **employees from third countries** in selected sectors. Measures aimed at recruiting workers from third countries must be **accompanied** by an ambitious and holistic **migration and integration policy**. In addition to fast processing of the residence permit procedure, this means in particular fast and efficient recognition of qualifications and access to German language courses, initial training and continued professional development and to the labour market. Europe-wide uniform professional and diploma recognition should focus on those future-oriented professions whose demand in all Member States cannot be met by people already on the labour market.
- Labour mobility within the EU and the recruitment of workers from third countries call for **measures against wage and social dumping**. Third-country nationals must not be tied to a specific employer once they have been admitted to the labour market. After two years, a review can be carried out, if necessary, to determine whether employees have been employed to a large extent in line with their qualifications. Employees require guidance on factors including pay, working conditions, social rights and other living conditions in Austria, and third-country nationals also require guidance on the right of residence.

In principle, many employees and jobseekers in Austria are currently unable to benefit from all the opportunities offered by the EU labour market because they do not have sufficient access to education and training measures. **AK** is therefore **calling for a right to qualification** as well as sufficient staff and budget for the AMS.

Ad Long delays in standard-setting that weigh on innovation and competitiveness

The reform of the **EU Standardisation Regulation** is **to be welcomed**. This is an opportunity to review the new legal situation resulting from the ECJ case law (**Malamud ruling**) regarding access to standards and transparency. This applies in particular to the following aspects:

Access to **standards** should also be **regulated uniformly** at a national level. Technical schools, colleges and universities, in particular, must be granted free access to technical standards to enable quality education. Likewise, qualified consumer protection organi-

sations must be granted access free of charge and without content restrictions.

The reform should be used to regulate **the issue of copyright** in standards and the funding of standardisation development.

Furthermore, it is necessary to define red lines as to which areas are to be left to democratic legislation, as standards have been part of Union law since the **ECJ's James Elliott ruling**. In addition to collective bargaining and labour law, this also applies to public procurement law and the associated procedures.

The establishment of a **new agency** (the Joint Research Centre, for example, is under discussion) alongside the three existing standardisation institutes (CEN, CENELEC and ETSI) appears **counterproductive** with regard to the goal of reducing bureaucracy and deregulation.

The establishment of new qualified **"certification providers"** contradicts the EU Commission's aim of involving stakeholders in the standardisation process. The development of "common specifications" outside the previous EU standardisation process by certification bodies further strengthens the dominant market position of large, globally active companies by defining their technical solutions as conforming to standards.

Ad Fragmented rules on packaging, labelling and waste

The intended harmonisation of Regulations on packaging, labelling and waste must **not be at the expense of consumer protection** and ecological protection standards in the waste sector. It is problematic, for example, when instructions for use for products are no longer provided in paper format, but only in digital form: **Many people** (older people, people without mobile phones, or other vulnerable groups) **see this as a drop in standards**. In general, product labelling, instructions for use and safety instructions are essential for consumers. It is important to ensure that this information is still tangible available on the product or in the packaging and not just digitally. It is important that everyday consumer life is also possible offline.

As part of the **Single Market for waste**, it is planned to remove unjustified requirements for authorised representatives in the context of EPR systems (Extended Producer Responsibility). It is unclear here what is meant by "unjustified". In any case, a European solution must not lead to a drop in standards of the monitoring system. Instead, **AK** believes that **more effective monitoring** is needed. There is a great **need for action**, particularly with regard to **large platforms**.

Accordingly, plans to reduce reporting obligations should also be viewed critically.

Ad Restrictive and divergent national service regulation

As far as the area of (cross-border) service activities within the framework of the Austrian trade regulation is concerned, it should be noted that both the **EU Services Directive** and the related **EU Recognition of Professional Qualifications Directive** in their current versions **already** contribute **sufficiently** to the removal of barriers. Both directives also contain restrictions and exceptions to the freedom to provide services, intended to adequately safeguard legitimate interests of the general public, consumer protection, public health and safety. Considerations for **further liberalisation** in the areas of the EU Services Directive and the EU Professional Qualifications Directive, which are primarily aimed at softening or removing the intended restrictions and exemptions, must **be rejected** in the context of the Trade Regulation Act.

For example, the **EU Recognition of Professional Qualifications Directive** covers regulations on the recognition of professional qualifications of foreign tradespeople who wish to establish themselves permanently in Austria to practise their profession or provide temporary services. However, the provisions of that Directive also affect the interests of consumers (maintaining quality standards, especially in sensitive trades) and the interests of employees (maintaining high training standards).

In order to meet the legitimate interests of the general public (transparency and maintaining standards for sensitive activities), the Directive also generally provides for **restrictions on the freedom to provide services** in the form of implementation options for the Member States. These include, for example, specific notification obligations or information obligations. These restrictions are to be maintained in the future: To prevent de-qualification in Austrian trade law, competition based on qualifications or training should be avoided. One of the most important competitive advantages of the Austrian economy – namely a high level of qualifications in the commercial sector – must not be lost.

Ad Temporary posting of workers

In the communication, the Commission considers watering down the rules on the posting of workers to other Member States. These plans could lead to increased **wage and social dumping**. The push to limit the focus on notifications and other administrative

requirements to high-risk sectors, could also **weaken the enforcement of posting rules** in sectors deemed “non-risk”.

In addition, the proposal to exempt **short-term posting of workers** from these requirements would open the door to abusive behaviour such as wage and social dumping in particular.

Instead of softening **the rules on posting of workers**, what is needed is a **more effective fight against** cross-border wage and social dumping. This includes better and more effective enforcement of the existing rules on posting of workers. In addition, new provisions are needed, such as a **minimum period of employment** with the posting company prior to posting and ensuring that social security contributions are calculated based on the host country’s qualifying wage. Furthermore, the considerations on strengthening the effectiveness of the **European Labour Authority** are not sufficient. It must be equipped **with enforcement powers** to effectively support law enforcement, for example in the absence of cooperation from authorities in other Member States. The BAK welcomes the simplification of postings by allowing digital document submission via the IMI platform, providing Member States are free to individually mandate which documents are necessary to protect posted workers. If these national requirements are clearly visible on the relevant platform and are necessary to prevent wage and social dumping, there must be no restrictions or maximum requirements at an EU level.

Ad Territorial supply constraints

AK has long been pointing out the **glaring price differences** in **branded food** and **drugstore goods**, as documented by regular price surveys in Austria and Germany. The latest AK price surveys for Drugstore goods from October 2024 clearly show that Austrian consumers pay an average of **28% more** for the same drugstore product than their counterparts in Germany. With regard to food, the May 2024 price survey revealed that identical branded food products in Austria are on average around 21% (net) more expensive than in Germany. The Price Monitor 2025 will be published shortly.

AK **is in contact** with the EU Commission and also with the **SMET group** at the BMWET. The inclusion of this problem in the Single Market strategy is therefore particularly welcome and has long been considered necessary.

However, the BAK points out that it will depend on the form of the specific provisions as to whether a Euro-

pean regulation can **counteract** the “**Austrian sur-charge**”. The text stipulates that “significant” market players who do not have a dominant market position within the meaning of competition law or “large” manufacturers should be included in regulations. Impractical size thresholds for the companies affected must not severely limit the options for Austrian consumers.

Chapter 2: Promoting the European services sector

The AK points out that the current Services Directive takes areas of high sensitivity into account accordingly. Public services in particular may not be diluted; public sector concerns must be strengthened.

Ad postal services

The chapter on promoting the service sector also covers postal services and announces that the **legal framework for postal services** will be reformed to create a level playing field between service providers and improve user protection.

In view of changing needs and technological possibilities, it **makes sense** to **further develop** the legal framework. What is being overlooked, however, are the **working conditions of delivery staff**. The Single Market strategy does not cover this issue. However, this is a particularly important factor, as fair competition in an employment-intensive industry can inevitably only be established if all industry participants must also comply with certain **minimum working standards**.

The postal market is already particularly competitive in some areas. Delivery services are active where their costs can be kept particularly low, i.e. mainly in larger conurbations. In addition, workers are often employed under very poor working conditions. In many cases, they work in the gig economy on a self-employed basis with poor pay and little social security. This leads directly to price and cost pressure on universal service providers, who have to offer their services nationwide and also tend to offer better working conditions.



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About us

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at national level and at EU level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.