

## The Single Market beyond 2019

Mr. Chairman, dear colleagues,

Liechtenstein very much welcomes the topic chosen for this debate. Discussing the future of the Single Market may seem generic at first sight. After all, EEA cooperation is primarily about the Single Market. But given the many challenges that Europe as a whole is facing at the moment it is easy to let this important priority slip out of sight.

With this in mind, the EEA EFTA States submitted a comment on “The Single Market beyond 2019” a few weeks ago. We look forward to get a reply. It was intriguing to see that our choice of topic was approved by a prominent newspaper as well: At about the same time, *The Economist* issued a strong call on the new EU leadership to focus its energy on completing the Single Market. Particularly striking was its assessment that “Europe still looks like a series of mid-sized economies patched together, not a single rival to China and America”.

Liechtenstein would like to echo this call to **reinvigorate the Single Market**. As the smallest EEA partner, we are less focused on the macro perspective – in other words, the need to strengthen Europe in the globalized economy. Instead, our focus is on the need to ensure that innovative businesses, including start-ups, get a real opportunity to sell their services and products beyond their local markets. This is the mindset that has driven Liechtenstein’s businesses since post-war times. It is also the mindset that has helped establish our entire region – including Eastern Switzerland, Western Austria, Southern Germany and Liechtenstein – as one of the top business locations in Europe, especially in high-tech.

**Overcoming trade barriers** is, essentially, what our companies do for a living. We know from their experience, especially in **services**, that much remains to be done to make the Single Market frictionless. Removing barriers in order to achieve a truly integrated market, however, does not solve the question how to *regulate* that market. Liechtenstein's perspective on regulation is driven by a business-friendly, liberal economic tradition. We encourage entrepreneurship and innovation, especially by small and medium enterprises which are the backbone of the Liechtenstein economy. This requires that **laws and regulations remain proportionate to their objective**. They must not stifle businesses – in particular small companies – with excessive bureaucracy. But of course, the devil is in the details and the right balance often difficult to achieve.

**Effective enforcement of existing rules** is even more important than new regulation. We count on the Commission as well as the EFTA Surveillance Authority to continue to make full use of their powers to protect EEA rights. Liechtenstein also gives great support to the SOLVIT network, which has proven to be an efficient tool to solve cross-border problems swiftly and in an unbureaucratic manner.

Europe still underperforms on its **digital potential**. We therefore welcome the agreement on the Digital Europe Programme, which is an investment in the future of Europe. In this context, it may come as a surprise to you that Liechtenstein has recently regulated one particular area of the digital economy faster than any other country in the EEA. In early October, the Liechtenstein Parliament adopted the so-called **Blockchain Act**. The new law will enter into force on 1 January 2020.

This law is not just about Bitcoins and cryptocurrencies. In fact, it goes beyond Blockchain technology itself, but remains neutral as regards the precise technology used.

Instead, it centers around so-called “tokens” as well as “transaction systems based on trustworthy technologies”. The law recognizes that new technologies such as Blockchain make it possible to record assets or rights in the digital sphere in a secure manner, and without a need for traditional intermediaries, such as banks.

These technologies are opening up new opportunities in financial services, but also other areas such as logistics, mobility, energy, industry, media and many more. Even the purchase of a car, for example, is conceivable as a transaction executed and secured via Blockchain technology. As a whole, these applications are referred to as the “**token economy**”.

This is not the place to go into much more detail. Suffice it to say that the token economy is ever increasing and becoming an important driver of growth and prosperity. This has been recognized by the EU Commission, which is promoting such technologies, while studying the need for regulation. In Liechtenstein, the development of the *Blockchain Act* has helped bring about **legal certainty** for new businesses, while at the same time increasing **consumer protection** and safeguarding the **integrity of the financial system**. This has already had an immensely positive impact for our country as a business location – especially in FinTech, but with potential far beyond.

We believe that the concepts and principles contained in the Act could serve as inspiration for others. We are happy to share our experiences in the framework of the European Blockchain Partnership, which Liechtenstein joined in the beginning of this year. Most importantly, we believe that the further development of the Digital Single Market must also be looked at from the angle of the token economy. This will help strengthen Europe’s leadership role in digital technology and our economies as a whole.

I thank you.