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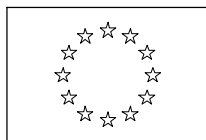
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Subject: Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions Towards a Single Market Act for a highly competitive social market economy - 50 proposals for improving our work, business and exchanges with one another

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Delegations will find attached a **new version** of Commission document COM (2010) 608 final.

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**CORRIGENDUM**

Annule et remplace le document COM(2010) 608 final du 27.10.2010

Concerne modification d'un seul mot dans la version anglaise de la proposition n° 8 aux deux endroits dans le texte où se trouve cette proposition, remplaçant "lowering" par "basing"

Concerne la version EN

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE  
AND THE COMMITTEE OF THE REGIONS**

**Towards a Single Market Act**

**For a highly competitive social market economy**

**50 proposals for improving our work, business and exchanges with one another**

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE  
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**Towards a Single Market Act**

**For a highly competitive social market economy**

**50 proposals for improving our work, business and exchanges with one another**

**(Text with EEA relevance)**

**INTRODUCTION**

The construction of one big market is at the heart of the European project envisaged by the founding fathers. They had understood how important it was to come together, trade and work together while organising a richer, more creative, more intelligent, fairer and stronger society in the world. Sharing a common economic and social space while respecting diversity, the **wish to be** nourished together and **consolidated by the wisdom of standing together**: that was, and still is, the aim of the **big European market**.

Common Market, Single Market, Internal Market: the changes to the name over the years reflect the dual phenomena of the deepening and enriching of the big European market. While it deepened around the **four major freedoms** of movement of persons, goods, services and capital, it was also complemented and enriched by the consolidation of **economic integration**, the creation of a **single currency** and the development of the **cohesion policy**. A cohesion policy to support the single market is essential to ensure that all citizens, regardless of where they live, can benefit from and contribute to it.

Almost 60 years after the creation of the European Coal and Steel Community, **there can be no denying the contribution made by the single market**. During the past two decades, the creation of the single market and the opening of borders have been two of the main driving forces behind growth in Europe. The Commission estimates that the combined effect of internal market integration, in particular through the liberalisation of network industries, and enlargement has been to create 2.75 million additional jobs and growth of 1.85% in the period 1992–2009.

Europe has become the world's biggest economy. Even excluding trade within Europe, we are also the world's biggest importers and exporters. The single market is an important factor enhancing our international competitiveness. Without it, we would not count for so much in the international balance of economic power at a time when new powers are emerging.

But first and foremost, the single market creates advantages for businesses and citizens in their day-to-day activities. Intra-European trade currently accounts for 17% and 28% of world trade in goods and services respectively. The 70% fall in mobile phone call charges and the 40% reduction in airfares are concrete examples of this.

Through the *de facto solidarity* it creates between Europeans, and thanks to its capacity for renewal, deepening and enrichment over the years, our big European market has remained the cornerstone of the European project for almost 60 years.

But the world has moved on since 1985, when the Commission proposed the thorough overhaul that led to the creation of the single market on 1 January 1993.

The world has changed. Globalisation has increased the pace of trade and technological change and has opened the way for new competitors prepared to challenge us even in our areas of greatest expertise: goods and services with high added value. This has created two challenges for Europe: to work even harder on developing our skills in high-value-added sectors and pursue policies to help European companies, and SMEs in particular, to seize the huge opportunities that are being created by these new areas of growth.

Europe itself has changed. It has been reunified, enlarged and deepened.

The repercussions of the financial crisis and the economic crisis have been felt in all of our economies and in all sectors. They have made both entrepreneurs and workers vulnerable and reduced the spending power of millions of European consumers. The single market is helping us to deal with the crisis and has alleviated its effects. It will also help us to emerge from the crisis and is essential to our future success.

For all these reasons, President Barroso asked **Mario Monti** to submit a report on the relaunch of the single market. As **Mario Monti** states in his report, 'achieving a deep and efficient single market is a key factor determining the EU's overall macroeconomic performance'<sup>1</sup>. He goes on to say that although it is 'less popular than ever, yet it is more needed than ever'<sup>2</sup> His report therefore proposes "a new strategy to safeguard the single market from the risk of economic nationalism, to extend it into new areas key for Europe's growth and to build an adequate degree of consensus around it."<sup>3</sup>.

In its 2010 report, the European Parliament stressed that '**single market integration is not an irreversible process, and the continued existence of the single market should not be taken for granted**'.

This observation **is already a reason for more ambitious** single market policies to promote 'a highly competitive social market policy' in order to restart an unfinished process of integration and realise our potential for growth in the service of human advancement; regain confidence, together, in our social market economy model, by placing Europeans at the heart of the market once again; propose a new global approach to the single market that embraces all of the players in the market; and increase understanding of and respect for single market rules in the Union and apply them in our day-to-day activities.

This is a social market economy approach, based on the assumption that a single market needs to enjoy the support of all market players: businesses, consumers and workers. In this way, the single market will allow Europe to become collectively competitive.

**Because the single market can offer even more growth and jobs. Full use has yet to be made of its potential.** For example, cross-border procurement accounted for only around

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<sup>1</sup> Report by Mario Monti to the President of the European Commission: "A new strategy for the single market" of 9 June 2010, page 9.

<sup>2</sup> Report by Mario Monti referred to above, page 24.

<sup>3</sup> Report by Mario Monti referred to above, page 9.

1.5% of all public contracts awarded in 2009. Despite the significant progress achieved in the single market for services, cross-border services account for only 5% of the EU's GDP, compared with 17% for manufactured goods traded within the single market. Only 7% of consumers used the Internet to make cross-border purchases in 2008<sup>4</sup>.

The Commission estimates<sup>5</sup> that completing, deepening and making full use of the single market, in particular by means of the measures proposed in this Communication, would potentially produce growth of about 4% of GDP over the next ten years<sup>6</sup>.

Furthermore, the single market is not an end in itself. It is a tool for implementing other policies. All of the public and private measures, the responses to the challenges concerning growth, social cohesion and employment, security and climate change, will be more likely to succeed if the single market works as it should.

The relaunch of the single market is therefore an essential element of the **EU 2020 strategy**, which proposes seven flagship initiatives: (i) an innovation Union, (ii) youth on the move, (iii) a digital agenda for Europe, (iv) a resource-efficient Europe, (v) an industrial policy for the globalisation era, (vi) an agenda for new skills and jobs and (vii) a European platform to tackle poverty. An up-to-date single market is the common foundation of all these structures. It is the tool that will help them create growth and employment and in so doing give new impetus to intelligent, sustainable and inclusive growth, thereby increasing synergies between the various flagship initiatives. Certain elements of the flagship initiatives will help to structure the operation of the single market and are therefore measures for its relaunch. These measures are therefore included both in this Communication and the flagship initiatives, in particular the **digital agenda for Europe**, the Union of innovation and **an industrial policy for the globalisation era**.

**The relaunch must open up new opportunities** without imposing new restrictions. By drawing up and effectively implementing common rules, the single market must serve as a relay for structural growth. This competitive space will act as the base camp for Europeans in a globalised world. It must remain open to the world without naivety and encourage cooperation with our trading partners, in particular to ensure greater convergence of the rules and standards in force on the different world markets in order to produce mutual benefits. It is therefore important to remember that the success of the European model depends on its ability to combine economic performance with social justice and to involve economic operators and the social partners in achieving this goal.

Our priority must therefore be to focus our efforts on the driving force of the European economy: Europe's 20 million businesses, especially the small and medium-sized ones run by entrepreneurs and other creative spirits, workers, students, craftsmen and businessmen, who are all players in the single market and who need funding to innovate, increase their competitiveness and create jobs.

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<sup>4</sup> Sources: European Commission.

<sup>5</sup> Based on the "QUEST" model.

<sup>6</sup> Sources: European Commission. This estimate focuses on a number of measures, some of which are included in this Communication (in particular measures to reduce the administrative and regulatory burden and promote open public procurement). Since a significant portion of this effect would result from the implementation of the Services Directive and it is difficult or impossible to assess the impact of a significant number of the measures, which are therefore not included in this estimate, the figure of 4% may be regarded as a conservative estimate.

In order to restore confidence, it is also important to **reach out to consumers as players in the single market** to enable them to buy, invest, receive care or obtain an education anywhere in Europe. All European consumers must be guaranteed access to products that are safe and reliable, comply with standards and are competitively priced. This applies equally to agricultural and food products and manufactured goods. It must also apply - and be perceived to apply - in many other areas, such as services, including services of general economic interest and retail financial services.

To meet these challenges and restore confidence and to relaunch growth that is both sustainable and fair, Europe must equip itself to act with strength and determination. **This will require collective commitment at European level**, with all of the players - European, national and regional, public and private, economic and social - making these goals and means their own.

This is the very essence of this Act, which the Commission is now putting forward for public discussion. Its implementation will make it possible to exploit the considerable opportunities for growth presented by the digital economy, the services sector and developments associated with the environment and climate change, and to produce a consensus in their favour by meeting the concerns expressed by Mario Monti<sup>7</sup>. The Commission hopes that the relaunch of the single market will become the subject of a wide-ranging public debate for four months throughout Europe. **After this discussion, the Commission will invite the other Institutions to give their formal agreement to the final version of the Act.**

**The adoption of the Single Market Act will be a dynamic way of commemorating the 20th anniversary of the single market at the end of 2012.**

**This Act is being adopted at the same time as the EU Citizenship Report 2010: Dismantling the obstacles to EU citizens' rights, which focuses on eliminating obstacles encountered by the citizens of Europe in their day-to-day lives, for example when they travel, study, get married, retire, buy or inherit property or vote in another Member State.**

**The Single Market Act and the Citizenship Report complement each other, being intended to overcome the continuing fragmentation of the European Union in areas of direct interest to citizens and in so doing give concrete form to the commitment to create a people's Europe and an efficient single market to meet the needs and expectations of citizens and businesses.**

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<sup>7</sup> Report referred to above, page 38.

## 1. STRONG, SUSTAINABLE AND EQUITABLE GROWTH FOR BUSINESS

There are 20 million businesses in the EU, providing 175 million jobs and supplying the EU's 500 million consumers and many more worldwide with goods and services. **A key factor in the competitiveness of these businesses is the single market.** Its role is to provide an environment that is conducive to developing, buying, selling and investing freely throughout Europe and beyond. **Small and medium-sized enterprises offer the highest potential for employment and are therefore worthy of special attention in the single market, as well as targeted measures to reflect their concerns.**

The free movement of goods and services are two of the fundamental freedoms enshrined in the Treaties. The free movement of goods was one of the early success stories of the single market. Boosted by the abolition of borders within the single market in 1993, it has considerably widened the choice of goods available at the lowest price to consumers within the EU. In order to maintain this choice, EU policies aim to ensure that no barriers inhibit the free movement of goods. At the same time, they seek to guarantee that goods circulating in the single market are safe to consume. This requires close surveillance of product markets and a greater focus on the fight against piracy and counterfeiting.

Businesses often cite the fragmentation of the single market as a handicap to their competitiveness and, indeed, **the variety of different national regulations places a considerable burden** on them, delaying investment, limiting economies of scale and synergies and raising barriers to market entry. It is therefore important for markets to be integrated and obstacles removed by precisely identifying the areas where a lack of coordination and harmonisation are hampering the proper functioning of the single market.

Competition on world markets has become fiercer. The European economy must face up to new challenges and seize these new opportunities if it is to achieve sustainable development. **Its strengths must be consolidated and it must** be able to meet these challenges on a level playing field.

Industrial policy needs a better-constructed market and a proper framework to create and develop the supply of European goods and services. Europe must be able to maintain its strong competitive position in the world market. A properly-constructed market, support for research and innovation, the development of the digital agenda, online trading and funding are essential for strengthening our industries and improving the European supply of goods and services in general across the value chain.

Since the start of the crisis, the European Union has taken urgent measures to enable financial markets to operate again and to make them stable. Nevertheless, further measures must be taken to ensure that the financial system is not just stable, **but that it also works to the benefit of the real economy and encourages sustainable economic growth.** There are numerous measures currently awaiting adoption or under discussion on market transparency, surveillance, financial stability, responsibility, consumer protection for financial products and crisis prevention. The European Union has undertaken to adopt all the proposals for reform in this area by the end of 2012. A European framework must be constructed to develop long-term investment and additional measures will be taken to channel private funding towards such investment.

The goals of the European Union 2020 Strategy for modernising the European economy will entail considerable investment. The European Union can start supporting these projects already, by providing consistent strategic guidelines for investors taking decisions whose effects will be felt over several decades, and by creating an appropriate regulatory framework. The budgets of the European Union and the European Investment Bank can help to attract private funding to these projects.

In a complex, changing world, **Europe is the right level for thinking and acting in terms of globalisation**. Markets are global: Europe must defend its interests and values with greater confidence, in a spirit of reciprocity and mutual benefit. European policies must aim to ensure the greater convergence of rules and standards at international level. And to meet the imperative for global competitiveness, European businesses must be able to use the single market as a ‘base camp’ in which they can equip themselves before going on to trade with the rest of the world.

The single market must become a reality so that creators, producers and consumers have the continental scale they need to ensure that the economy develops. Only sustainable growth can guarantee the creation of sustainable jobs. Free movement and healthy and open competition are also indispensable to growth and progress, and are a valuable tool for tackling demographic, environmental and social challenges.

### **1.1. Promoting and protecting creativity**

To improve the way in which they face international competition, our businesses, inventors and creators must be able to develop within a single market that is as conducive as possible to innovation and creativity.

They must also have access to effective protection, in particular against counterfeiting and piracy.

***Proposal No 1: The European Parliament and the Council should take the necessary steps to adopt the proposals for the EU patent, its languages and the unified patent litigation system. The aim is for the first EU patents to be issued in 2014.***

The continued fragmentation of the patent system is seriously hampering innovation and access to effective patent protection for European enterprises, in particular SMEs, research centres and inventors. Unnecessarily complex and costly patent protection is making European research and innovation lag behind other parts of the world, such as the USA and Japan. The lack of uniform patent protection across the internal market and the high costs of patent protection are leading to a system of fragmented protection. At the same time, the high cost of multiple patent litigation in several Member States is hampering access to justice. Divergent rulings in the different Member States are causing a lack of legal certainty, making cross-border commerce more difficult and costly. The introduction of an EU patent and a unified patent litigation system is of utmost importance to stimulate European competitiveness and boost research and innovation in Europe by reducing the costs and complexity of obtaining and enforcing the relevant rights throughout Europe.



***Proposal No 2: In 2011 the Commission will submit a proposal for a framework Directive on the management of copyrights, with the aim of opening up access to online content by improving the governance, transparency and electronic management of copyright. The Commission will also be proposing a Directive on orphan works.***

The absence of a European framework for the efficient management of copyright across the EU is significantly complicating the process of making knowledge and cultural goods available online. In order to create a single European digital market, the potential of online distribution must be used effectively by enhancing the availability of creative content while at the same time ensuring that right-holders obtain adequate remuneration and protection for their works. The Commission is aware that different national systems for private copying levies are affecting cross-border sales services and the production of support media. The Commission will take account of the dialogue between the various interested parties in order to find paths to a sound solution.

It is also important to make the single market accessible to those Europeans who are most used to spending time and money online. The generations that have grown up with the internet would not accept the benefits of the single market being exclusive to physical goods. The freedoms of the single market must therefore be extended to online services while maintaining a high level of protection for creativity and intellectual property.

***Proposal No 3: In 2010 the Commission will propose an action plan against counterfeiting and piracy, including both legislative and non-legislative measures. Furthermore, in 2011 it will make legislative proposals, in particular to adjust the legislative framework to meet the needs generated by the development of the Internet and to enhance customs work in this area, and it will re-examine its strategy on the implementation of intellectual property rights in third countries.***

Counterfeiting and piracy are costing the European economy billions of euro and thousands of jobs every year. The OECD has estimated that trade in counterfeit goods may have been worth as much as EUR 188 billion in 2007<sup>8</sup>. A Eurobarometer study in February 2009 found that between a quarter and a third of EU citizens believe it is justifiable, for various reasons, to purchase counterfeit products<sup>9</sup>. Despite some improvements, a lack of sufficiently strong and coordinated IPR enforcement policies and measures have hampered the fight against counterfeiting and piracy.

## **1.2. Promoting new approaches towards sustainable development**

Major challenges to society, such as climate change, security of energy supply and demographic changes are creating opportunities for significant growth by European businesses as a result of the future international demand for solutions to these problems and the technology to apply them. The Single Market Act should be used as a tool for grasping these opportunities. Initiatives to create a more effective system of standards, a more consistent approach to energy taxation throughout the market, continued development of the

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<sup>8</sup> OECD (2007), The Economic Impact of Counterfeiting and Piracy, Paris.

<sup>9</sup> [http://ec.europa.eu/public\\_opinion/flash/fl\\_263\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_263_en.pdf)

single markets for services and defence and development of the supply of high-quality environmental products seem particularly promising. These measures could be implemented as part of the wider initiative on industrial policy, the flagship initiative of the EU 2020 agenda soon to be undertaken by the Commission. The 'mutual evaluation' process of the services Directive will also be continued with the aim of further developing this sector, which is crucial to the European economy. Furthermore, the Report on the distribution services sector has produced important findings on the way in which the market for services operates<sup>10</sup>. **In addition, as the Commission's 'Digital Agenda' has highlighted, it must be ensured that the potential for growth and the wide range of goods and services that the digital market can provide are fully exploited.** Finally, what is true of the services Directive as a general legal instrument is also true of specific sectors, such as the transport services sector, which is the 'nervous system' of the single market.

***Proposal No 4: The Commission and the Member States will cooperate in continuing to develop the internal market in services on the basis of the 'mutual evaluation' process set out in the Services Directive and currently implemented by the Member States and the Commission. In 2011, the Commission will indicate specific measures to this end, including in the business services sector.***

The services economy is a crucial sector for Europe's economic recovery. It accounts for over 70% of all jobs and for all net job creation in the single market. A well-functioning single market for services will help citizens and businesses, in particular SMEs, to benefit from the single market by providing them with better services at prices and on markets that are more competitive. The Services Directive has been an important step towards the creation of a genuine single market for services. One recent study found that the EU-wide economic gains of the Directive could range between EUR 60-140 billion, representing a growth potential of 0.6-1.5% of GDP at conservative estimates<sup>11</sup>.

The results of the mutual evaluation process have for the first time provided an X-ray showing the way in which a substantial part of the internal market for services operates (since the Directive concerns activities accounting for 40% of European GDP and jobs). This huge exercise has proven the need for the Commission and the Member States to work together to take a closer look at the way in which the regulatory framework applicable to certain growth sectors operates in practice. They must work together to create a 'performance test for the internal market' in order to ensure that it delivers all that it should in terms of growth, jobs and innovation. The tools of transparency and dialogue with Member States set out in the Services Directive must also be used to achieve these ends. It is also necessary to consider the need for a special initiative to enable the rights of service providers and consumers to be asserted more effectively and practically in the single market. A further example of an area requiring further consideration is the business services sector, which is a major factor in ensuring the competitiveness of European industry.

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<sup>10</sup> [http://ec.europa.eu/internal\\_market/retail/docs/monitoring\\_report\\_en.pdf](http://ec.europa.eu/internal_market/retail/docs/monitoring_report_en.pdf).

<sup>11</sup> 'Expected economic benefits of the European Services Directive', Netherlands Bureau for Economic Policy Analysis (CPB), November 2007.

***Proposal No 5: By the end of 2011, the Commission will take initiatives to develop electronic commerce in the internal market. It will concentrate in particular on problems faced by consumers in the digital economy. These initiatives will include a Communication on the operation of electronic commerce and guidelines for the Member States to guarantee the effective application of provisions in the Services Directive to combat discrimination against recipients of services because of their nationality or place of residence.***

In order to create an internal market that makes full use of its potential for growth while at the same time meeting citizens' expectations, it is essential to deal with the problem of the underdevelopment of electronic commerce. Electronic commerce currently accounts for between only 2% and 4% of all trading, with cross-border trading constituting only a small portion of this percentage. The digital single market is one of the sectors in which consumer confidence (and purchasing) is still at a very low level. Too often, consumers who try to buy products or services offered online by economic operators in other Member States are prevented from doing so or are discriminated against on the grounds of their nationality or place of residence. This situation is not just a sign of a poorly functioning market. Even more importantly, it causes frustration among citizens and undermines their confidence in the opportunities presented by the single market. The Services Directive forbids retailers from treating consumers differently on the grounds of their nationality or their place of residence – even in an online environment – without 'objective justification', such as differences in transport costs. New guidelines to help the national authorities implement this non-discrimination clause contained in the Services Directive (Article 20) **will be adopted in the second half of 2011** and will provide details of how such objective reasons might be invoked. But the problem of equal access by European consumers to electronic commerce in other Member States can be only part of a wider policy for the development of electronic commerce to give citizens greater access to commerce in general. In the first half of 2011, the Commission will adopt a Communication intended to discuss the barriers to the development of electronic commerce, offer possible courses of action and evaluate the Electronic Commerce Directive. In parallel, the Commission will set out in an understandable way the rights of the users of online services by publishing by 2012 a code of online rights in the EU<sup>12</sup>.

***Proposal No 6: The Commission will propose a legislative reform of the standardisation framework in 2011 to make standard-setting procedures more effective, efficient and inclusive and to extend the scope of the procedures from goods to services.***

The introduction of product standards at European level has been a key tool for ensuring that citizens are offered high-quality goods and services that are not harmful to health and that businesses can use innovative and internationally recognised standards without difficulty. Yet there is further scope for the development of the existing standards system in consultation with national standards bodies to enable standards to be set more quickly in line with technological developments and to ensure that all stakeholders (businesses, consumers, public authorities) can fully participate in the standard-setting process. A clearer framework may

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<sup>12</sup> As announced in the Digital Agenda for Europe and the report on the citizenship of the Union 2010.

also be required for services standardisation to ensure a consistent approach to services standards across the single market.

***Proposal No 7: In 2011 the Commission will adopt a White Paper on Transport Policy, which will propose a series of measures intended in particular to remove the remaining obstacles identified between means of transport and between national systems of transport.***

That transport is the nervous system of the entire economy was perfectly illustrated by the effect on the economy of the transport problems following the eruption of the Eyjafjallajökull volcano in April 2010. Indeed, one of the most important pillars of a modern economy is the capacity of its transport system to convey goods and passengers as smoothly as possible to the necessary or desired place at the desired time. More than ever before, therefore, the strategic importance of transport services in reconciling supply and demand is making them play an essential part in economic growth and job creation. At the same time, by improving access to certain areas and bringing people together, they are a key ingredient of a better quality of life. A single, interconnected and efficient European transport system is therefore essential to the smooth movement of goods, people and services – the essential and underlying freedoms of the single market. The creation of a single transport system is still being delayed by a number of technical, administrative and regulatory obstacles that have been hampering the competitiveness of the single co-modal transport market in particular and holding back economic growth in Europe in general.

***Proposal No 8: In 2011, the Commission will be adopting a proposal to revise the Energy Tax Directive so as to better reflect the EU's climate and energy objectives in the fiscal context, by basing the minimum duty rates on CO<sub>2</sub> emissions and on energy content.***

Council Directive 2003/96/EC of 27 October 2003 establishes the European framework for the taxation of energy products and electricity and is intended mainly to ensure the proper functioning of the single market and thereby avoid distortion of competition between energy consumers. However, it fails to fully reflect the EU's goals concerning the fight against climate change and more efficient energy use. It therefore does not enable Member States to make optimum use of taxation as a tool. The proposal is intended, in particular, to ensure the consistent treatment of energy sources in the Directive and therefore truly equal treatment for energy consumers, regardless of the source of the energy being consumed. By doing so, it will also ensure an appropriate balance between the taxation of energy and the EU's greenhouse gas emission quotas trading scheme while avoiding overlap between the two systems.

***Proposal No 9: The Commission will propose an initiative to establish a High Level Group on services to businesses in order to study deficiencies in the market and issues of standardisation, innovation and international trade in sectors such as logistics, installations management, marketing and advertising<sup>13</sup>.***

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<sup>13</sup> Communication on industrial policy - COM(2010) 614, 27.10.2010.

Creating a single market for business services is still a challenge, despite the Services Directive. The report "Towards more efficient and fairer retail services in the internal market for 2020"<sup>14</sup> illustrates this. In this context, the coexistence of an array of divergent rules laid down at national level with a view to regulating this sector, in particular with regard to unfair practices, can create serious obstacles to the smooth operation of the retail market. An initiative geared towards business-to-business relations would make it possible to protect the different operators in the supply chain while enabling the gradual emergence of a more efficient and fairer single wholesale and retail market while meeting consumers' and manufacturers' expectations regarding competitive prices. The Commission's work on the competitiveness of the agri-food industry has shown that there is a need for action in this respect.

***Proposal No 10: Before 2012, the Commission will look into the feasibility of an initiative on the Ecological Footprint of Products to address the issue of the environmental impact of products, including carbon emissions. The initiative will explore possibilities for establishing a common European methodology to assess and label them.***

Some industrial sectors and Member States have developed their own standards to measure environmental impact, resulting in an array of diverging and incompatible standards across the EU, which threaten to create barriers to the free movement of goods and services in the single market and impose multiple requirements upon companies, with high associated costs.

***Proposal No 11: The Commission will present, in early 2011, an energy efficiency plan to exploit the potential for significant energy savings by complementing existing policies in all sectors where energy is consumed.***

It is possible that the ecodesign framework will be revised in order to ensure that the demands of the single market for products are applied throughout the European Union. Approaches to improve the targeting and use of public funds and procurement procedures, which would stimulate development of the energy efficiency markets in the EU, particularly as regards building renovations and sustainable urban mobility, would also need to be developed. The plan would also focus on the need for a common European framework that would define the active role that energy suppliers could take concerning energy savings for their customers, and would support the development of European markets in energy services. It could also propose strengthening European policies in support of sustainable energy-supply solutions (co-generation, heating and cooling).

### **1.3. For small and medium-sized enterprises**

European SMEs are not just a source of innovation and jobs, but are also the large businesses of the future. Therefore, the single market must in particular create a legal environment that is favourable to the creation and development of SMEs. In this respect, the matter of access to financing appears to be crucial.

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<sup>14</sup> Report of 5.7.2010. See [http://ec.europa.eu/internal\\_market/retail/docs/monitoring\\_report\\_en.pdf](http://ec.europa.eu/internal_market/retail/docs/monitoring_report_en.pdf).

***Proposal No 12: The Commission will adopt an action plan for improving SME access to capital markets in 2011. This will include measures to make investors more aware of SMEs, to develop an efficient stock exchanges network or specific regulated markets focussing on SMEs and to make listing and disclosure requirements more adapted to SMEs.***

Poor access to capital is one of the main problems which SMEs face in expanding their businesses. It is often the decisive factor preventing the launch of new products, the extension of production facilities and the employment of more workers. However, equity capital is often concentrated in very large stocks, to the detriment of smaller firms seeking to raise funds. The reasons for this are manifold: often SMEs are not sufficiently visible to potential investors, or may find the listing requirements on capital markets disproportionately complex. Improving SME access to finance is a key political priority and rendering the SME segment of capital markets more dynamic is a central part of this. This initiative will be developed in close association with the SME Finance Forum.

***Proposal No 13: The Commission will assess the Small Business Act by the end of 2010 with the aims of ensuring that the 'Think Small First' principle is implemented in both policy and the legislative procedure in order to closely link the Small Business Act with the Europe 2020 Strategy.***

The Small Business Act is the main instrument for promoting SMEs' competitiveness and entrepreneurship within the Single Market and beyond. Its review will consolidate the implementation of its measures (in particular the 'Think Small First' principle) and bring it into line with the Europe 2020 Strategy by suggesting new measures in areas such as the internationalisation of SMEs.

***Proposal No 14: The Commission will propose a review of the accounting Directives in 2011 to simplify financial reporting obligations and to reduce the administrative burden, especially for SMEs.***

The current rules on accounting are outdated and contain requirements that are an unnecessary administrative burden, particularly for SMEs and micro-enterprises.

#### **1.4. Funding innovation and long-term investment**

Access to funding is essential for innovation and sustainable growth. Equally, businesses should be able to develop long-term strategies. Finally, it should be possible to mobilise private savings – where necessary in cooperation with public investments – towards massive investment in the infrastructures that are central to the success of the Europe 2020 strategy. The financial markets play a key role in this respect and the regulatory environment should not have a noticeably negative effect on long-term investment. Implementation of the Commission Communication of 2 June 2010 on Regulating Financial Services for Sustainable Growth<sup>15</sup> should strengthen the role of these markets in serving the real economy. However, new ways must be sought to develop alternative forms of corporate governance, innovative

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<sup>15</sup> COM(2010) 301.

incentives for certain types of investment and even efficient methods of cooperation between the private and public sectors that will help to broaden the horizons of investment policy.

***Proposal No 15: The Commission will consider encouraging the creation of project bonds to finance European projects.***

One important way to mobilise private investment in support of the objectives of the Europe 2020 strategy would be to bridge the gaps in private financing by making even more use of the EU budget than is currently the case today. The budgetary revision proposed possible means of increasing the impact of the budget. With innovative financial instruments, European funds could be used in partnership with the banking and private sectors, specifically through the European Investment Bank (EIB). They would become the norm for projects with long-term commercial potential. One important initiative is the ‘project bonds’ scheme: these bonds would be issued by the private sector and the European budget would be used to improve their rating in order to attract funding through the EIB, from other financial institutions and from private investors on the capital market such as pension funds and insurers.

***Proposal No 16: The Commission will explore measures with the potential to encourage private investment – particularly in the long term – to make a more active contribution towards achieving the objectives of the Europe 2020 strategy. These measures might concern the reform of corporate governance and create incentives for the long-term, sustainable and responsible investment required by smart, green and inclusive growth. Moreover, by 2012 the Commission will ensure that venture capital funds set up in any Member State can operate and invest freely in the European Union (if necessary by adopting a new legislative framework). It will endeavour to eliminate any tax treatment that disadvantages cross-border activities.***

The conditions need to be created for a more active mobilisation of private savings in support of investment and, in particular, investment contributing more effectively, by the criteria it meets, to achieving the objectives of the Europe 2020 strategy. Lack of access to finance is one of the reasons most often cited by businesses as an obstacle to growth and to the creation of jobs. It is particularly necessary not only to improve SME access to financing, but also to create incentive mechanisms encouraging all forms of sustainable investment or investment supporting a long-term strategy. Adequate funding for the European infrastructures underlying the success of the Europe 2020 strategy is also imperative. To this end, the Commission will explore the extent to which the reform of corporate governance, the development of investment labels or assessment methods that are independent of investment can contribute to achieving these objectives.

Venture capital is an essential source of finance, in particular for innovative start-up businesses. Nevertheless, access to venture capital in the EU is complicated by fragmented and underperforming venture capital markets. What is needed is a regulatory environment that permits venture-capital funds to operate across the EU, and coordination of taxation rules to avoid double-taxation risks.

***Proposal No 17: After the currently ongoing assessment of European public procurement legislation, and based on wide-ranging consultation, the Commission will make legislative proposals in 2012 at the latest with a view to simplifying and updating the European rules to make the award of contracts more flexible and to enable public contracts to be put to better use in support of other policies.***

Goods and services procured by public authorities account for approximately 17% of the EU's GDP. EU public procurement legislation seeks to create an open and competitive pan-European procurement market for large procurement contracts, saving taxpayers several billion euro each year. At the same time, public procurement can be an important source of support for innovation, environmental protection and employment, to name some examples. The complex interaction between EU rules and national rules often results in extremely cumbersome administrative procedures for public procurement. The levels of participation by firms from other Member States in procurement procedures remain very low<sup>16</sup>.

***Proposal No 18: In 2011 the Commission will adopt a legislative initiative on services concessions. Clear and proportionate rules will improve market access for EU undertakings by ensuring transparency, equal treatment and a level playing field for economic operators. They will also promote public/private partnerships and boost the potential for delivery of better value for money for users of services and for contracting authorities.***

Services concessions represent 60% of public-private partnership contracts (accounting for EUR 118.8 billion in 2006). Improving the competitive conditions for the award of services concessions and reducing legal uncertainties would provide a favourable environment for infrastructures to operate efficiently. Public-private partnerships, and in particular services concessions, enable the mobilisation of long-term investment in sectors such as energy, waste management and transport infrastructure. The Commission's legislative initiative will aim to create a supportive EU framework for this type of public-private partnership without placing an excessive burden on local authorities.

### **1.5. Creating a business-friendly legal and fiscal environment**

For our businesses to benefit from all of the opportunities offered by the single market, including freedom of establishment, the rules on which that market is based need to be straightforward and geared towards dealing with the problems they encounter in their day-to-day operations. The measures proposed in this sector envisage, inter alia, a reduction of the administrative and regulatory burden, with positive consequences for growth and job creation<sup>17</sup>. Very practical initiatives will therefore be taken to ensure the linking of company registers and the mutual recognition of e-identification and e-authentication in the European Union. Taxation issues are also crucial. Initiatives relating to the corporate tax base or to VAT will be designed to limit the administrative burden on businesses and to promote cross-border

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<sup>16</sup> Cross-border procurement accounted for only around 1.5% of all public contracts awarded in 2009. Trade intensity in public procurement markets is much lower than in private procurement markets, suggesting that the full benefits of cross-border trade and competition are not being fully reaped.

<sup>17</sup> A 10% reduction in the administrative burden on businesses would generate an additional 0.6% of GDP.



activity. Defence and security, high-technology sectors characterised by innovation and know-how, can trigger development and growth throughout the economy and are therefore also deserving of attention.

***Proposal No 19: The Commission will take steps to improve the coordination of national tax policies, notably by proposing a Directive introducing a common consolidated corporate tax base (CCCTB) in 2011.***

The current existence of 27 highly disparate corporate tax systems in the single market means that companies are faced with significant tax obstacles which discourage, if not impede, their cross-border activities. Such fragmentation gives rise to significant market distortions and compliance costs. It particularly affects SMEs, which often lack the resources to resolve these inefficiencies and may even be discouraged from expanding across borders at all. The introduction of a common consolidated corporate tax base is intended to tackle fiscal impediments to growth. Groups of businesses would have to apply a single set of tax rules and deal with only one tax administration across the EU (one-stop-shop). Accordingly, revenues would be consolidated at the group level and profits would be set off against losses without any border barriers. Furthermore, there would be no intra-group transfer pricing compliance obligations (i.e. transaction-by-transaction adjustment of pricing between associated companies). Double taxation or double non-taxation as a result of the current disparities or mismatches among national tax rules would also be eliminated intra-group. Uncoordinated national action would continue to replicate the current situation in that companies would still need to apply as many tax systems as Member States in which they operate. The initiatives to be put forward by the Commission will not have the objective of harmonising corporate tax rates.

***Proposal No 20: The Commission will publish a new VAT strategy in 2011 on the basis of a Green Paper conducting a fundamental review of the VAT system, planned for 2010.***

The VAT system as currently designed has limitations in a number of areas, leading in particular to a disproportionate administrative burden for businesses. The complex system of rates and exemptions, the derogations and options offered to Member States and the special rules for cross-border transactions are harmful to the operation of the internal market and to the competitiveness of EU enterprises, as they involve considerable compliance costs particularly for businesses operating in several Member States. While the technological and economic environment has significantly changed since the introduction of VAT, the VAT system, and particularly the reporting obligations of businesses and the way in which the VAT is collected, have remained largely unchanged. In addition, the current system is susceptible to fraud: about 12% of VAT is uncollected owing to fraud, evasion, avoidance or insolvencies. The future VAT strategy will highlight the priorities to be put forward through legislative proposals in order to create a more robust and efficient VAT system for the single market.

***Proposal No 21: In 2011 the Commission will propose legislation to introduce the linking of company registers.***

The absence of a network of national company registers complicates access to information on businesses in other Member States, which results in a considerable administrative burden and significant costs for businesses involved in cross-border activities, and a lack of transparency for other businesses, consumers and public authorities.

***Proposal No 22: By 2012 the Commission will propose a Decision to ensure mutual recognition of e-identification and e-authentication across the EU based on online authentication services to be offered in all Member States. In 2011 the Commission will propose a revision of the Directive on electronic signatures with a view to providing a legal framework for international interoperability and recognition of e-authentication systems.***

As highlighted in the Commission's Communication on the digital agenda, in order to ensure the proper functioning of the single market, instruments such as the Services Directive or the e-procurement action plan require businesses to be able to interact electronically with the authorities, including across borders. Interoperability and mutual recognition of national arrangements for e-identification and e-authentication are prerequisites for using public e-services without problems across borders.

#### **1.6. Being competitive in global markets**

European businesses are successful in selling their goods and services throughout the world, taking advantage of the open and integrated nature of world trade. The single market comprises a kind of vital "base camp" that allows European companies to prepare themselves better for international competition and the conquest of new markets. This makes it all the more important to guarantee that our internal and external policies are coherent and complementary.

The EU is the greatest exporter of goods and services in the world and one of the major recipients of foreign direct investment. We should, however, not be naive. Europe must defend its interests and its values with greater self-confidence and in a spirit of reciprocity and mutual benefit. Free trade agreements may guarantee access for European companies to the most significant markets and intensify regulatory cooperation with our major trading partners. Moreover, trading partnerships must be based on reciprocal interests and advantages, together with a recognition that both the EU and its partners have both rights and obligations. The Commission will continue to be vigilant in its defence of European interests and jobs and will use all appropriate means to combat unfair trading practices.

Greater convergence of international rules will certainly benefit EU countries, particularly by reducing the costs incurred by having to adapt to rules or standards which are different from those which apply in Europe. It is also very important to ensure that EU businesses have access to external markets, and in particular public procurement, on fair terms. The single market must also remain attractive to potential candidates for accession to the European Union and to neighbouring countries. The Commission will consider continuing to extend single market rules, taking account of the extent of regulatory convergence and the capacity of the countries concerned to implement the relevant rules efficiently.

The single market must also remain attractive to the candidate countries and to potential candidates for European Union membership, as well as to neighbouring countries. The Commission will plan to continue to extend the rules of the single market, taking into account

the degree of regulatory convergence and the capacity of the countries concerned to effectively implement the relevant rules.

***Proposal No 23: The Commission will further develop regulatory cooperation with its main trading partners, both bilaterally, in the form of regulatory dialogues, and multilaterally, for example within the G20. The twofold objective is to promote regulatory convergence, including promoting equivalence of third-country regimes where possible, and to push for wider adoption of international standards. On this basis it will pursue negotiations for international trade agreements (both multilateral and bilateral) with a focus on both market access and convergence on regulatory issues, particularly for services, IPR and subsidies.***

The lack of regulatory convergence internationally is a major obstacle to international trade. In order to prevent friction and regulatory arbitrage, the European Commission is actively engaged in regulatory cooperation both multilaterally and bilaterally. The G20 Process is of paramount importance in this context, and the EU will continue to take a leading role in this process in order to further the financial reform process at global level, strive for high-quality regulation and push for the wider adoption of international standards. Alongside this, the EU is also engaged in regulatory dialogues with a number of strategic partners, notably the US, Japan, China, Russia, India and Brazil, but more needs to be done to deepen and extend these dialogues. With the economic and financial crisis, protectionist trends are latent. These negotiations aim to foster regulatory convergence, including on sensitive issues such as IPR protection and subsidies, and to offer a range of new market opportunities to EU businesses.

***Proposal No 24: In 2011, the Commission will present a legislative proposal in favour of a Community instrument drawing on the implementation of the European Union's international commitments in order to enhance its capacity to ensure improved symmetry in access to public procurement in the industrialised nations and the major emerging economies.***

There is a discrepancy between the relative openness of the EU procurement market and the lack of access to the procurement markets of our trading partners. The EU's international market access commitments (GPA, FTAs) are not implemented in a uniform manner across the EU. This results in an uneven playing field for EU businesses both in the EU and abroad, and unfair competition between EU and foreign businesses. Externally, the EU finds it difficult to obtain better market access, as it has limited leverage in trade negotiations with GPA partners and/or in bilateral FTA negotiations.

## **2. RESTORING CONFIDENCE BY PUTTING EUROPEANS AT THE HEART OF THE SINGLE MARKET**

‘Reconciling the market and the social dimension’: Mario Monti is proposing a real option for boosting the single market and Europe itself. Although it has proved it can withstand a crisis, it is still a matter of concern. **We need to put the people of Europe at the heart of this large market** and return to ‘a highly competitive social market economy’.

A good social system, educational systems and vocational training that are effective, quality employment, and a demanding policy on health and safety in the workplace contribute to efficient markets and help to create wealth and growth. These increase a country's attractiveness, create social ties and, like other structural factors such as the quality and density of infrastructure, are key factors in global competitiveness.

**On the other hand, poverty, unemployment, exclusion and fear of the future are all economic burdens on society.** This has been clearly understood by EU businesses, throughout Europe and the world, which help to develop their environment by investing in foundations, civil society, their elected representatives, their suppliers or customers, in partnerships intended to secure sustainable and inclusive development.

The single market also helps to develop the identity of each citizen: language learning at school, travel, study abroad, the use of the Euro, the diversity of products on offer, and so on, are all day-to-day aspects which mean that all of us, irrespective of whether we are consumers, workers, students, savers, entrepreneurs, users of public services, patients, pensioners, etc. are Europeans! However, Europeans are seeing this area shrink as they get older: in working life, in consumption patterns and in health and pension issues, European opportunities are becoming less accessible.

While respecting the social protection systems which are the responsibility of the Member States, there are many areas in which the human dimension of the 'social' market economy must help to **build confidence within and ensure the good performance of the large internal market.** We must also stress the importance of the role of the social partners, both nationally and at European Union level, where they have an acknowledged role in giving voice to the aspirations of the different sectors of the economy in dialogue that can sometimes lead to Europe-wide agreements.

There are also a number of legal instruments that more expressly authorise the European institutions to return to this social field and incorporate social and general interest investments in the economic and financial recovery.

The Charter of Fundamental Rights reaffirms and raises the profile of a series of economic and social rights. In accordance with the Treaty on European Union, the Union recognises the rights, freedoms and principles laid down in the Charter, which has the same legal value as the Treaties. The Commission is committed to ensuring that the Charter will be taken into consideration when EU policies are drawn up<sup>18</sup>. The 'horizontal social clause'<sup>19</sup>, which is henceforth enshrined in the Treaty on European Union and serves to assess the relevance of all policy measures based on their social impact, must become operational and be used as a basis for all of our deliberations.

A new objective is to **use efficient markets to support the creativity and dynamism of EU businesses and, at the same time, to restore the faith of Europeans in their single market.** European policies will have to become more sustainable by anticipating and mitigating crises, and consolidating the EU's economic, social and territorial cohesion. Reinforcing cohesion, particularly its territorial aspect, remains a prerequisite for the smooth operation of the single market. It is in this connection that the Commission will shortly present its proposals to

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<sup>18</sup> "Strategy for the effective implementation of the Charter of Fundamental Rights by the European Union" - COM(2010) 573, 19.10.2010.

<sup>19</sup> Treaty on the Functioning of the European Union, Article 9.

improve the impact of the cohesion policy, to steer it more towards results and performance, to render its implementation more demanding and to concentrate European resources on the major priorities. It will also look into the possibilities of improving the infrastructures of the single market by, among other things, encouraging the use of public-private partnerships.

This Single Market Act concerns citizens as active participants in the economy. Issues relating to citizens' non-economic rights in the single market are dealt with at the same time in the '**EU Citizenship Report 2010: Dismantling the obstacles to EU citizens' rights**', adopted simultaneously by the European Commission.

## **2.1. Improving public services and key infrastructure**

While the European project relies on market forces, which ensure that citizens have access to the widest possible choice of goods and services, at the lowest price, and encourage innovation, it nevertheless considers the EU's social and territorial cohesion to be a primary concern and recognises that market forces alone do not adequately address all collective needs.

For this reason the European Union recognises, for example in Article 14 of the TFEU and in Protocol No 26 to the Treaties, the social usefulness and economic value of services of general economic interest and, in accordance with the principle of subsidiarity, confirms the possibility of public authorities providing, executing and organising these services in a way that meets users' needs. It is also for this reason that the EU ensured that the progressive liberalisation of the large network industries, which ensures a more competitive EU economy, was backed up by the stipulation of strict public service obligations for all citizens. This is also why the EU is working on the development of efficient trans-European infrastructure by identifying the missing links in the various sectors and using incentives to encourage their development.

A number of activities carried out daily by public services are economic in nature and therefore fall within the scope of EU law. In particular, it falls within the exclusive competence of the Commission, in accordance with Article 106 of the TFEU, to ensure that compensation, inasmuch as it constitutes State aid, is compatible with the internal market. The Commission will continue to evaluate and possibly revise the decision and the framework on public service compensation (often referred to as 'the Altmark package').

The application of European rules in the area of public services raises a number of practical questions for the competent public authorities and for certain players in the sector, specifically in the area of social services. The EU and its Member States therefore need to guarantee the existence of a regulatory framework that allows public services to perform their tasks and meet the needs of all citizens. The EU also needs to fulfil a new ambition in identifying and helping to quickly establish the infrastructure that is most essential to the fluidity of the single market and to the development of new services for Europeans. In particular, the Europe 2020 strategy provides for the development of infrastructures enabling high-speed internet access for all in 2013. The aim of this strategy is for all Europeans to have access to much higher internet speeds (30 Mbps or above) by 2020, with 50% or more of European households subscribing to internet connections above 100 Mbps.

***Proposal No 25: The Commission undertakes to adopt, by 2011, a Communication and a series of measures on services of general interest.***

The EU and its Member States must ensure that the public services, including social services, that meet the needs of the people of Europe are easier to operate at the appropriate level, adhere to clear financing rules, are of the highest quality and actually accessible to all. To this end, the Commission's initiative will have three main components.

Firstly, it will provide public authorities with a 'tool-kit' that is effective and easy to use, covering all relevant issues (such as financing, public procurement or cooperation between public authorities) and allowing them to offer, within their respective areas of competence and with a considerable degree of autonomy, high-quality local public services that meet citizens' needs. It should also help them to evaluate the quality of these services and make sectoral and transnational comparisons.

Secondly, it will allow Europeans to judge the evolution of the quality of services provided, in particular under the reforms to liberalise the large network industries (transport services, postal services, energy).

Thirdly, it will be more responsive to the requirement of universal access to the services which Europeans consider essential to their daily lives (for example postal services), given that the quality of public services also implies accessibility, also in terms of price. An in-depth analysis of possible obstacles to high-quality universal services should be carried out on the basis of experience in the field. With a view to meeting the needs of all, it will also be necessary to conduct a dynamic assessment of the needs of Europeans, which evolve in line with rapid changes in society and in social practices.

In particular, the Commission undertakes to:

- continue to provide up-to-date answers to the practical questions raised by citizens and public authorities concerning the application of EU law (State aid and public procurement) to services of general interest;
- implement measures enabling better evaluation and comparison at European level of the quality of the services of general interest on offer, particularly on the basis of experience in the field; and
- examine the suitability and possibility of extending universal service obligations into new areas in the light of changes to the essential needs of European citizens, potentially on the basis of Article 14 of the TFEU.

The proposals concerning the assessment and review of the rules applicable to public procurement – including cooperation between the public authorities and a directive on concessions – have the same logical basis, since they are also intended to supplement the 'tool-kit' available to the public authorities on this subject. Furthermore, it should be stressed that the initiatives aimed at modernising the infrastructure of the large network industries referred to above (energy, transport services and electronic communications) also reflect the EU's ambition to meet the challenge of modernising our infrastructures of general interest.

***Proposal No 26: In 2011 the Commission will adopt a revision of the Community guidelines for the development of the trans-European transport network, and a proposal on a global framework for the funding of transport infrastructure.***

Despite significant investment, the European Union does not currently have a network of interconnected cross-border transport infrastructure that is sufficiently interoperable and efficient. Yet transport infrastructure is essential in order to guarantee the operation of the single market, and must promote sustainable growth and development. In addition to the lack of coordination between Member States in the areas of project management, planning and funding, the absence of a global framework for funding at European level that can target the most significant shortcomings in the single market is a major obstacle. This funding framework will be defined on the basis of the upcoming multiannual financial framework, expected in mid-2011.

***Proposal No 27: The Commission will adopt a Communication on energy infrastructure priorities up to 2020/2030 in order to contribute to the development of a fully operational internal energy market by tackling missing infrastructure links and facilitating the integration of renewable energy. The tools necessary for implementation will be proposed in a new European instrument for energy security and infrastructure, to be tabled in 2011.***

The creation of a real European energy market requires a modern infrastructure. The Union's core policy objectives of competitive, sustainable and secure energy supply require energy infrastructure that better interconnects national energy networks, is capable of integrating increasing shares of renewable energy, and enables the diversification of supplies. To meet these challenges, existing energy infrastructures need rapid modernisation, upgrading and unification. A new EU energy infrastructure policy is required to change the way in which networks are planned and developed in the EU. Major missing links will have to be addressed such as offshore power grids in the North Sea or the Southern European gas corridor. Grids need to become smarter so that energy is used and transported more efficiently. Issuing permits must become more efficient and transparent, and new financing solutions must be found to deliver huge investments of over EUR 200 billion in major European electricity and gas supply networks<sup>20</sup> over the coming decade, to which must be added some EUR 400 million for the maintenance, modernisation and extension of the national distribution networks.

***Proposal No 28: The Parliament and the Council should adopt the proposed Decision establishing a European Radio Spectrum Action Programme for more efficient management and use of the radio spectrum.***

Europe's radio spectrum needs to be used efficiently and in a harmonised and coordinated way so that enough spectrum is available to meet the needs of EU citizens and businesses. If the same spectrum bands are made available under the same flexible technical conditions across the EU, the economies of scale obtained will result in cheaper communication for all users.

## **2.2. Increasing solidarity in the single market**

According to Mario Monti, the sense of disillusionment felt by some towards the internal market may also be the result of the perception that successive liberalisations have been

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<sup>20</sup> Source: DG ENER.

carried out at the cost of the social rights acquired by various economic operators. The Lisbon Treaty, and the affirmation of the concept of a 'highly competitive social market economy' as one of its key objectives, require us to adopt a more all-embracing view of the single market. Economic freedoms and freedoms of collective action must be reconciled. New life must be breathed into the social dialogue, making it more likely to lead to legislation 'by and for' the social partners, as explicitly provided for by the Lisbon Treaty.

The freedoms afforded by a single market must benefit both the strongest and the weakest. Everyone should be able to take advantage of the opportunities afforded by the single market, including those with disabilities and the elderly. Particular attention must be paid to the access of people with visual and hearing impairments to goods and services, especially in the cultural sphere; for instance, through the development of suitable technological tools (automatic subtitling or special broadcasts on public channels).

***Proposal No 29: Pursuant to its new strategy for the effective implementation of the Charter of Fundamental Rights by the European Union<sup>21</sup>, the Commission will ensure that the rights guaranteed in the Charter, including the right to take collective action, are taken into account. The Commission will first of all conduct an in-depth analysis of the social impact of all proposed legislation concerning the single market.***

***Proposal No 30: In 2011, the Commission will adopt a legislative proposal aimed at improving the implementation of the Posting of Workers Directive, which is likely to include or be supplemented by a clarification of the exercise of fundamental social rights within the context of the economic freedoms of the single market.***

Exercising the freedom to provide services means being able to send staff to another Member State. The posting of workers therefore constitutes an important aspect of the internal market for services. At European level, in order to adequately guarantee the rights of the workers concerned, the Posting of Workers Directive lays down a core of provisions protecting the host country which must also apply to posted workers. Moreover, complex national administrative procedures as well as double-taxation problems continue to complicate the posting of workers, making it more difficult to exercise the freedom to provide services. The implementation, application and enforcement of this Directive could be improved and its interpretation clarified.

***Proposal No 31: The Commission will re-examine the Directive on the activities and surveillance of pension funds in 2011 and will develop other proposals based on the July 2010 Green Paper on pensions, inter alia in order to remove obstacles encountered by mobile workers when making arrangements for their retirement.***

Workers should be able to benefit from their pension rights with a view to their retirement. Given the ageing population and the impact of the economic and financial crisis on public

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<sup>21</sup> "Strategy for the effective implementation of the Charter of Fundamental Rights by the European Union" - COM(2010) 573, 19.10.2010.



finances and financial stability, there is work to be done in this area. The Green Paper of July 2010 launched the debate on the challenges which must be met in order to enable Europeans to benefit from pensions which are adequate and guaranteed in the long term.

***Proposal No 32: The Commission will launch a consultation with the social partners in order to create a European framework for the advance planning of industrial restructuring.***

Beyond purely reactive approaches to the economic and financial crisis, pre-emptive strategies have allowed businesses to ward off industrial disputes through the proactive and negotiated management of restructuring operations. This constitutes a precondition for economic success and is a social requirement, since it enables resources to be redistributed to emerging sectors and opens new windows of opportunity for workers when their jobs are at risk. A European framework for restructuring exercises would make for an environment based on mutual trust.

### **2.3. Access to employment and lifelong learning**

Employment is rightly at the heart of Europeans' concerns. The single market represents a tremendous opportunity – which has not yet been fully exploited – to make the best use of training and qualifications and to respond to job offers in other Member States. Specific tools must be proposed to promote and facilitate the flow of skills within the single market.

The opportunity to train in another European country is one of the most appealing aspects of the freedoms and opportunities afforded by the single market. However, the chance to study and undergo training in another Member State is not just about personal development, rather it permits the lifelong acquisition of new skills which will help to build the knowledge-based economy of tomorrow.

***Proposal No 33: In 2012 the Commission will propose a legislative initiative to reform the systems for the recognition of professional qualifications, based on an evaluation of the acquis in 2011, in order to facilitate the mobility of workers and adapt training to current labour market requirements. As part of this proposal, the possibility of a professional card will be evaluated.***

The right to pursue a profession in another Member State is one of the fundamental freedoms guaranteed by the Treaty. It is of crucial importance to citizens and to the free movement of workers, the freedom of establishment and the freedom to provide services, which may be restricted by requirements concerning the recognition of professional qualifications obtained in another Member State. There are 4 600 regulated professions in the Union. Many professionals today still face lengthy and cumbersome procedures before having their qualifications recognised, and the recognition of qualifications still accounts for 20% of SOLVIT cases. A 2005 Directive introduced some simplifications, with a view to facilitating above all the temporary mobility of professionals. The current system must be evaluated in order to verify whether full use has been made of all the opportunities offered by that Directive. For example, it raised the idea of using a professional card without setting out any specific details. Such a card could provide added value for some professions and interested citizens. Moreover, in future, as the active population declines, it will become increasingly difficult to meet the already growing need for a qualified workforce. The system must also

take account of the considerable changes that have occurred in the Member States' educational and training systems with the aim of facilitating access and a return to the labour market. For this reason the Commission has begun work on evaluating the 2005 Directive which will culminate in a Green Paper in 2011 and a revision of the Directive in 2012.

***Proposal No 34: The Commission will develop, in cooperation with the Member States, a 'Youth on the Move card' helping all young people to move to another Member State to study. It will expand its 'Youth on the Move' Internet site by providing information on distance learning and opportunities to study and train in Europe.***

A period spent abroad should become a standard part of the training of all young Europeans, enabling them to subsequently find a fulfilling job, having acquired new skills, including language skills. As part of the 'Europe 2020' strategy, the Commission proposed a number of measures in its Communication 'Youth on the Move' aimed at helping young people to acquire the knowledge, skills and experience they need to find their first job. One such measure currently being evaluated by the Commission is the possibility of creating European student mobility loans to give more young Europeans, in particular the most disadvantaged among them, the opportunity to experience a period of study, training or job placement in another country.

***Proposal No 35: The Commission will implement the European qualifications framework in partnership with the Member States. It will propose a Council Recommendation to promote and validate training outside the classroom (non-formal and informal learning). It will also propose the creation of a 'European Skills Passport' enabling individuals to record the knowledge and skills they have acquired throughout their lives. It will establish a bridge between the European Qualifications Framework and the nomenclature of occupations in Europe.***

In spite of the success of programmes such as Erasmus, the academic recognition of diplomas and periods of training in another Member State remains problematic<sup>22</sup>. In order to promote mobility, the transferability of skills and knowledge must be guaranteed.

#### **2.4. New resources for the social market economy**

This chapter sets out three proposals for a single market based on a 'highly competitive social market economy'. Firstly, the Social Business Initiative must enable the reserves of talent and financial resources already available in the Member States to be tapped into by bringing together, within the single market, management and finance professionals and entrepreneurs with socially innovative projects which stimulate growth. The second proposal on legal forms sets out initiatives for improving the legal environment within which some market economy activities are organised. Lastly, the third proposal concerning corporate governance and corporate social responsibility sets out an initiative to redefine the role of businesses in today's economy.

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<sup>22</sup> As part of its 'Youth on the Move' programme, the Commission has adopted a proposal for a Council Recommendation - COM(2010) 478, 15.9.2010 - in order to remove these obstacles.

***Proposal No 36: In 2011 the Commission will propose a Social Business Initiative in order to support and accompany the development of socially innovative corporate projects within the single market by means of in particular social ratings, ethical and environmental labelling, revised rules on public procurement, and by introducing a new investment fund regime and tapping into dormant savings.***

Over recent years, entrepreneurs acting individually or large companies have set up projects which were very innovative from a social viewpoint. This first decade of the 2000s has revealed across Europe and the world the huge innovative potential of the social economy sector. Without necessarily being non-profit-driven, these projects are the brainchild of a person or group of people who have come up with creative solutions to major socio-economic problems often caused by exclusion (access to agri-food products, accommodation, healthcare, the labour market, banking services, services enabling better integration of disabled people, etc.) as well as by the ageing of the population. The innovation introduced by these new models generates economic growth and has a positive impact on all stakeholders (entrepreneurs, employees, consumers, investors and other financial partners, etc.). The organisation of public and private procurement (private sector procurement policies and corporate social responsibility), better access to finance (through banking or the financial markets, including through the use of dormant savings), the introduction of a new investment fund regime for the financial industry and consumers of financial products, in order to promote and enhance the liquidity of investment in projects with a strong element of social, economic and technological innovation, and the implementation of *ad hoc* communication tools will be triggers for action.

***Proposal No 37: For several reasons relating mainly to the nature of its financing and the preference of shareholders or stakeholders who support projects with a strong element of social, economic and sometimes technological innovation, the market economy is structured around a variety of different types of legal status (foundations, cooperatives, mutual associations, etc.). The Commission will propose measures enabling the quality of the legal structures concerned to be improved in order to optimise their functioning and facilitate their development within the single market.***

The following initiatives will be proposed:

- *The Commission will present a regulation on a European Foundation Statute by the end of 2011.*

Foundation activities have undergone significant developments over recent years and they enable ambitious objectives to be achieved in areas where European creativity and innovation have become crucial to the competitiveness of the single market in a global world, particularly in the area of research. Administrative costs, registration in another country, the burden of proof imposed on foundations from a Member State seeking to become established in another Member State, and the problems involved in pooling financial resources on a cross-border basis within the EU, are obstacles which today impede the development of foundations in Europe and which a Regulation on a European Foundation Statute would address.

*- The Commission will propose a public consultation (Green Paper) on the implementation of the Regulation on the Statute for a European Cooperative Society and will take measures following the adoption of its evaluation report in 2012.*

Cooperatives play a key role in the structure and dynamism of the economy. Moreover, they offer their members unique solidarity mechanisms, creating solid ownership structures conducive to a strong group ethos, shareholding and long-term investments.

*- In 2011 the Commission will launch a study on the situation of mutual associations in all Member States to examine in particular their cross-border activities.*

Mutual associations exist, albeit to varying degrees, in most European countries. For instance, more than 120 million Europeans are affiliated to a mutual health association in Europe. In the insurance sector and in the financial intermediation services sector, mutual associations account for a significant share of employment.

***Proposal No 38: The Commission will launch a public consultation (Green Paper) on corporate governance. It will also launch a public consultation on possible ways to improve the transparency of information provided by businesses on social and environmental matters and respect for human rights. These consultations could lead to legislative initiatives.***

It is of paramount importance that European businesses demonstrate the utmost responsibility towards not only their employees and their shareholders but also towards society at large. Their governance could be improved particularly as regards the composition and diversity of boards of directors, including the representation of women, long-term shareholder commitment and employee shareholding schemes. In order to strengthen corporate governance and corporate social – and even societal – responsibility, attention will have to be focused on improving transparency, particularly in the areas of human rights and sustainable development, and on ways to enhance corporate functioning, with the specific goal of increasing employee involvement, improving relations with shareholders and facilitating more accurate valuation of businesses by the financial markets.

## **2.5. A single market serving consumers**

In the minds of European consumers, the single market must constitute added value, offering them a wide variety of high-quality goods and services. Special emphasis must be placed on banking products, which to a large extent constitute a prerequisite for moving or working within the single market. Lastly, supervisory authorities must ensure that European consumers are afforded a high level of protection against any risk linked to the quality of products and services offered.

Consumers often lack information to be able to find a good price or make an informed choice of product, as information can be presented in a way which makes comparison difficult or ambiguous. This is particularly the case for cross-border offers and delivery charges. Today, consumers do not have all the information at hand to make informed choices. The Commission will evaluate existing practices where price comparison websites are concerned and will draw up guidelines for food price comparison websites, based on best practices and the experience of the Member States.

***Proposal No 39: In 2011 the Commission will draw up a multiannual action plan for the development of European market surveillance. In addition, in relation to the customs services and the market surveillance authorities of the Member States, the Commission will draw up guidelines for customs controls in the area of product safety in 2011. The Commission will also propose a revision of the general product safety Directive in order to ensure a coherent and effective framework for the safety of consumer goods in the EU.***

European citizens require their health and their rights to be protected throughout the EU, particularly when it comes to threats or risks that they cannot deal with individually. To meet this requirement the Commission will step up market surveillance for product safety in the EU. The objective will be attained by means of an action plan beginning in 2011. This will involve improving coordination among national market surveillance authorities in order to ensure that goods moving freely within the single market are safe and reliable for consumers. This will guarantee a level playing field and enable serious businesses to take full advantage of the opportunities offered by a market of 500 million consumers. Furthermore, the Commission will propose a revision of the general product safety Directive, in order to develop a coherent and effective framework for market surveillance in the interests of the safety of consumer goods in the EU.

***Proposal No 40: The Commission will adopt a legislative initiative on access to certain basic banking services at the start of 2011. It will also call on the banking sector to submit a self-regulatory initiative geared towards improving the transparency and comparability of bank charges by the end of 2011.***

Citizens, particularly students, face problems when opening a bank account or obtaining a payment card in a Member State to which they have recently moved or in which they are not resident. Financial institutions justify turning them down by arguing that certain groups of potential consumers represent a higher risk for a bank and must therefore be subject to closer scrutiny. They also argue that they are unable to build up a clear picture of the borrower's loan repayment record. However, in many cases, the refusal to open an account cannot be considered objectively justified and proportionate. Furthermore, the lack of transparency surrounding bank charges is a major stumbling block in the field of retail financial services. Clients are unable to understand and compare the costs associated with their bank accounts, which discourages them from switching to cheaper ones. Consumers in those Member States where bank charges are complex and opaque thus pay higher charges than they should. Greater transparency is also a prerequisite for cross-border transactions and the successful operation of the single euro payments area (SEPA). A study of 224 banks, covering 81% of the retail banking market in terms of customer deposits, estimated that 66% of their internet sites required additional information in order to calculate the cost of a bank account. The study also showed that bank account tariffs varied far more widely at European Union level than those of other services.

***Proposal No 41: By February 2011 the Commission will propose a Directive geared towards the creation of a single integrated mortgage market with a high level of consumer protection.***

Consumers are still not in a position to derive full benefit from the retail financial services market. They are often reluctant to change service-provider or have insufficient information for a comparison of the options available. These difficulties tend to increase when the search goes beyond national borders. In parallel with the structural reforms underway in the financial sector, reforms must continue in order to increase consumer confidence in retail financial markets. These obstacles are amongst those with the greatest impact on citizens in their daily lives. European mortgage markets are of vital importance for millions of European citizens: the decision to take out a mortgage is one of the most important financial decisions an individual can make, resulting in a financial commitment spanning several decades. Irresponsible conduct by operators can shake the foundations of the financial system, with potentially serious social and economic repercussions. The integration of the mortgage markets also remains limited. Levels of direct cross-border lending remain low and there are still major disparities between the Member States in terms of prices, choice of products and approaches to the regulations applicable to the various operators concerned, such as non-bank lenders and credit intermediaries. Lenders and credit intermediaries are faced with obstacles that prevent them from doing business in another Member State or disproportionately increase their costs. Citizens are also faced with obstacles when attempting to obtain a mortgage in another Member State, or even from a lender in the same Member State for a property situated elsewhere in the EU, and are frequently refused credit. The search for the best tariff or product in different Member States is also made difficult, if not impossible, by the lack of comparable information. Integrating the European mortgage markets would promote financial stability and would result in considerable benefits to consumers, ultimately rendering mortgage-lenders more efficient and making a wider range of products available.

***Proposal No 42: The Commission will adopt a Communication by the end of 2010 aimed at identifying and eliminating the tax obstacles still facing European citizens.***

Some of the obstacles preventing citizens from being able to move, set up home and acquire goods and services freely throughout the EU stem from taxation problems. These problems may consist of difficulties in obtaining relief for double taxation because of the limited scope or complete absence of agreements on double taxation, discriminatory taxation rules and overlapping of different tax systems, as well as difficulties dealing with the tax legislation of two or more Member States and claiming tax reductions or reimbursements from another Member State. Cross-border workers in particular can face difficulties in relation to car tax, pension tax and inheritance tax.

***Proposal No 43: In 2012 the Commission will adopt a proposal amending the regulation on the rights of air passengers, particularly in the light of the crisis triggered by the recent volcanic eruption in Iceland, and – should the legislative proposal on the road transport sector (buses and coaches) be adopted – a Communication on the rights of passengers using all means of transport.***

In spite of the legislation already in place, particularly for the air, rail and - in the near future - sea transport sectors, passengers' rights still vary depending on the means of transport chosen, and are not always respected by operators. This situation presents a risk of distorting competition in the internal market and undermines the objective of ensuring a suitably

uniform level of quality of services, in the interests not only of citizens but also of the European economy as a whole.

### **3. DIALOGUE, PARTNERSHIP, EVALUATION: THE KEYS TO GOOD GOVERNANCE OF THE SINGLE MARKET**

The single market is not owned by the European institutions or by a handful of major pan-European groups: it is built up every day by every European who works, saves, purchases and invests. The development and use of the single market is in the hands of Europeans themselves.

The sole purpose of this Act is to propose a new framework for dialogue in order to ensure that the texts are debated and implemented in a way that benefits all Europeans: by proposing, promoting and providing a space for dialogue and discussion, **the Commission aims to restore meaning to the single market to give it real value for the public.** The European Parliament and the Council, fulfilling their respective roles, will decide what action needs to be taken as regards the Member States.

Nevertheless, this Single Market Act is doomed to fail if the proposing, decision-making, implementing and monitoring process is not opened up to the other partners further upstream.

Many aspects of this Act - for example the measures concerning public services or taxation issues - fall within the scope of the powers of the Member States and those of their local and regional authorities. It is for this fundamental reason that regional and local authorities at all levels must be involved with and participate fully in the governance of the single market, in line with their active participation in cohesion policy.

This Single Market Act reflects President Barroso's wish to **make the EU 2020 strategy more viable and put into operation the main recommendations of the European Parliament and Mario Monti's report.** It binds the European Commission to obtain results, break down barriers to prepare for the future, and strengthen Europe to face its challenges.

A strong willingness to enter into dialogue, establish partnerships with the stakeholders and objectively evaluate the results obtained will undoubtedly be the hallmarks of this Act and of its implementation.

Influence cannot be decreed: it must be built up. This is why the Commission will not shy away from any debate, even the most difficult ones: European political parties, national governments and parliaments, local authorities, civil society, trade unions and businesses, consumers, associations, etc., working closely alongside the Committee of the Regions and the European Economic and Social Committee.

This Act puts forward 50 proposals, with target dates for consultation, which the Commission will conduct in accordance with the principles of smart regulation. **In keeping with the principles of transparency and responsibility, the Commission calls on each of its partners to prepare for these stages of dialogue, to make their contributions and take the future of our big single market into their own hands.**

The Commission must continue to play its part in monitoring and enforcing the policies of the single market. It is aware of the efforts required of the Member States to work towards a more

unified and competitive market. It will be sympathetic to their concerns, but will not lose sight of the objectives.

***Proposal No 44: The Commission and the Member States will cooperate in continuing to develop the internal market by stepping up the procedure for evaluating the acquis, in particular using the 'mutual evaluation' process set out in the Services Directive and currently being implemented by the Member States and the Commission. The experience gleaned from the mutual evaluation process of the Services Directive will also be applied to other key single market legislation.***

The Commission will continue its evaluation work, based on the specific feedback of experiences, trying out and reinforcing synergies between existing tools (market surveillance, sectoral surveys, consumer scoreboard, etc.). To this end, it will regularly draw up a list ('Top 20') of single market actors' wishes (businesses, consumers, workers, students, pensioners). This list will serve as a barometer for the state of the single market and its operation in practice.

The Commission will regularly examine the state of the single market in partnership with the actors concerned by organising a **single market forum** with the European Parliament each year involving the other institutions, representatives of the Member States (including at regional and local level), national parliaments, citizens and stakeholders. The first forum is expected to take place in 2011.

***Proposal No 45: In early 2011 the Commission will present a strategy on extending the Internal Market Information system (IMI) to other legislative areas during 2011, with a view to creating a genuine face-to-face electronic network for European administrations. This strategy will be the subject of a legislative proposal.***

The Internal Market Information system (IMI) was designed as a flexible tool to sustain the administrative cooperation that supports sectoral legislative instruments. It is currently used for the Directive on professional qualifications and the services Directive. If IMI is to achieve its full potential, a clear strategy must be developed to extend it to other sectors and to create synergies between IMI and other information technology tools. This strategy will be set out in detail in a Commission Communication. The main obstacle to any extension of the IMI is the absence of a legal basis that would fully satisfy the European and national data protection authorities. With a view to resolving this situation, it will be discussed whether a proposal for a Regulation would be appropriate. Such a proposal would lay down the rules for data processing and other conditions for the use of IMI, and would make administrative cooperation possible in areas where it is necessary for the implementation of internal market law but not specifically provided for by existing legislation.



***Proposal No 46: In 2011, the Commission will be submitting an initiative on the use of alternative dispute resolution in the EU. It will also be adopting a Recommendation in 2011 on the network of alternative dispute resolution systems for financial services. The aim of these two initiatives is to ensure that simple, reasonably priced out-of-court settlement procedures are established to deal with cross-border consumer disputes. By 2012, the Commission will be proposing a European system for the settlement of on-line disputes for digital transactions. It will also carry out a public consultation on a European approach to collective redress in 2010-2011, in order to identify arrangements which could be introduced into the legal framework of the European Union and the legal systems of the Member States.***

If consumers are to shop with confidence in other Member States and enjoy their rights under European legislation, they need reassurance that they can obtain redress in the event of a problem. Rights that cannot be enforced in practice are worthless. A recent study estimated that the losses incurred by European consumers through problems with purchased goods or services amounted to 0.3% of Europe's GDP. Alternative methods of conflict resolution and assistance in the event of complaints, such as that offered by the European Consumer Centres, can provide a simple, quick and cheap solution for consumers and maintain relations between companies and their customers. However, consumers and businesses are not sufficiently aware of existing alternative dispute-settlement schemes, which still do not exist in a number of sectors. In the financial services sector, for example, consumers often have no choice but to enter into costly and protracted court cases. In some Member States, there are no out-of-court dispute resolution mechanisms. Moreover, the existing mechanisms have not up to now proven suitably effective at dealing with cross-border disputes. There is thus a need to bridge the gaps in the geographic and sectoral coverage provided by the FIN-NET network. Moreover, it is not always easy to seek collective redress in the courts or by any other means. Businesses may suffer distortions of competition due to the absence of a level playing field. Opportunities to achieve economies of scale by bundling claims are being lost. Improving alternative dispute resolution mechanisms for disputes between businesses and consumers, in particular in the field of financial services, would bring substantial benefits for consumers, shore up consumer confidence and contribute to the development of the single market.

***Proposal No 47: The Commission will work in partnership with the Member States to develop a more resolute policy to enforce the rules of the single market. The Commission undertakes to prepare transposition plans and draft correlation tables for the legislative proposals provided for in the Act and to reduce the average time taken to deal with infringement files. The Commission calls on the Member States to reduce their transposition deficit of the single market directives to 0.5% and to provide their correlation tables with the implementing measures.***

Considerable efforts have been and are still being made to strengthen the partnership between the Commission and the Member States in the management of the internal market,

specifically through the implementation of the 2009 ‘Recommendation on Partnerships’<sup>23</sup>. The constant efforts made to improve the implementation of the rules of the single market have borne fruit, as demonstrated for instance by the low average transposition deficit on the most recent Internal Market Scoreboard<sup>24</sup>.

Despite these efforts, it takes, on average, seven months longer than the deadline provided for in directives for them to be transposed in full<sup>25</sup>. The published statistics show, for 2008, a 36% delay in the notification of transposition measures, a 31% delay in 2009 and a 30% delay in 2010<sup>26</sup>. There are, however, still shortcomings, particularly the fact that national legislation does not always conform to the directives it transposes. The length of the official infringement procedures initiated by the Commission and the considerable delays in implementation of Court judgments by the national authorities are additional challenges that have yet to be addressed. There is also a need for closer attention to the matter of application when rules are being drawn up, evaluated and/or amended. The Commission will develop support tools, e.g. by systematically drawing up transposition plans for the legislative proposals identified in the Act. These plans will help transposition difficulties to be identified at an early stage.

Renewed efforts must be made to implement and respect rules – all the more so because this is a prerequisite for the correct functioning of the single market, since the rules must be the same for all parties. This will require solid partnership and cooperation with the Member States in order to further reduce the transposition deficit. Mutual commitment will be needed to verify the conformity of national legislation with the main regulations of the single market by making systematic use of correlation tables, which must be accessible to citizens and businesses. These tables will be provided by the Commission to the Member States for each new priority Directive contained in the Act. Joint efforts must also be made to speed up Commission infringement procedures and compliance with Court judgments by setting ambitious common objectives, and to increase the systematic use of alternative dispute resolution mechanisms such as SOLVIT and EU-PILOT.

***Proposal No 48: The Commission will increase consultation and dialogue with civil society in the preparation and implementation of texts. Particular attention will be paid to taking into account the points of view of consumers, NGOs, trade unions, businesses, savers, users and local authorities in the consultations prior to the adoption of proposals and, in particular, with regard to the work of expert groups.***

Single market policy can only be enriched by the contributions of a wide range of stakeholders. Only a small part of the contributions received by the Commission currently come from parties other than professionals in the sectors concerned. Consumers, small investors, small businesses, employee representatives, NGOs and representatives of local and regional authorities can contribute useful views on the implementation of measures in the field and help determine whether the policies proposed can really provide added value for citizens.

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<sup>23</sup> European Commission Recommendation on measures to improve the functioning of the single market (2009/524/EC), 29 June 2009.

<sup>24</sup> See Internal Market Scoreboard, No 21.

<sup>25</sup> See Internal Market Scoreboard, No 21.

<sup>26</sup> Figures taken from a number of infringement proceedings initiated based on data published at: [http://ec.europa.eu/community\\_law/directives/directives\\_communication\\_en.htm](http://ec.europa.eu/community_law/directives/directives_communication_en.htm).

***Proposal No 49: In 2010, the Commission will continue to promote a one-stop shop to provide citizens and businesses with information and support concerning their rights in the single market, on the internet, by telephone or in person, by developing the 'Your Europe' internet portal and improving its coordination with 'Europe Direct'. The Commission will also strengthen its partnerships with the Member States with a view to ensuring that information on national rules and procedures is also available through this one-stop shop.***

A number of reports have shown that citizens know little about their rights and do not know who to approach to exercise their rights in the event of a problem, in spite of the wealth of sources of official information and support systems set up by the Commission. This realisation led to the 'Your Europe' portal being redesigned as a one-stop shop, with the information available completely rewritten from the users' point of view. The goal over the coming months is to make Europeans aware of this and to add to the information available to make it even more useful, particularly by providing national information (specific situation in each Member State, necessary formalities, local contacts, etc.). This will be possible only with the active cooperation of the Member States.

***Proposal No 50: The Commission, in partnership with the Member States, will strengthen informal problem-solving tools, specifically by consolidating and reinforcing the EU Pilot project, the SOLVIT network and the networks of European Consumer Centres. Based on an assessment in 2010, it will make specific proposals concerning SOLVIT in 2011. In the longer term, it will examine the conditions for potential further development of these tools and of the other alternative dispute-resolution mechanisms by forging closer ties between them, with a view to ensuring that they will eventually be able to better deal with all of the problems associated with the single market.***

Over SOLVIT's eight years of operation, the number of cases handled has increased more than tenfold, and the centres are called on to deal with an ever-growing variety of cases that occasionally fall outside their mandate. To ensure optimum operation of the network in future, discussions will need to address SOLVIT's mandate, the methods of guaranteeing the quality of its performance and its relationships with other problem-solving instruments. It will enable us to move beyond SOLVIT in the long term towards a system where a quick and informal dispute resolution scheme would be available for each problem encountered by a citizen or business in the single market. The network of European Consumer Centres will be considered in an assessment to conclude, in 2011, with concrete proposals for its future development. The EU Pilot project, for its part, will ensure close cooperation with the Member States to resolve more quickly any problems in the application of single market law without the need for infringement procedures. The variety and number of persisting problems require this initiative to be stepped up. The Commission has launched an initiative to extend the coverage of this project from 24 to 27 Member States.

## CONCLUSION: TOWARDS A PUBLIC DEBATE IN EUROPE

This Act aims to renew the confidence pact between Europeans and their big single market with a view to restoring its status as a tool in the service of growth and enabling us to meet the challenges ahead.

Above all, the Commission proposes to take a global approach: shoring up the social market economy by putting businesses and Europeans back at the heart of the single market in order to restore confidence; developing market policies in the service of sustainable and fair growth; and laying the groundwork for good governance, dialogue, partnership and evaluation. This global approach will require coordination of the work of the Commission and the other Institutions, and also better monitoring. This will not affect the monitoring mechanisms established in the context of the flagship initiatives of the Europe Strategy.

It is a collective approach involving not only the Commission but also the Parliament and the Council, playing their own parts and using their own procedures. The Economic and Social Council and the Committee of the Regions will open up the discussions to local and regional representatives, the social partners or economic players, associations and other actors in civil society. In addition, **the Single Market Act will be discussed throughout Europe** over the coming months. The action programme, translated into the languages of all of the Member States, will be sent to the members of each country's parliament, the regional authorities – including those of the outermost regions, the economic and social players, and actors in civil society. Specific information tools will be made available to interested parties.

The conditions for a genuine **European public debate** will thus be put in place, constructed around the challenges facing the highly competitive social market economy.

All interested parties are invited to submit their views about the relaunch of the single market and, in particular, on the 50 measures proposed in this document, to the following address: [http://ec.europa.eu/internal\\_market/smact](http://ec.europa.eu/internal_market/smact). Specific information tools will be made available to interested parties.

Contributions should reach the Commission by 28 February 2011. On the basis of the replies received, the Commission will propose that the other Institutions agree a definitive version of the Act.

Contributions will be published on the internet. It is important to read the specific privacy statement on the above-mentioned site for information on how your personal data and contribution will be handled.

After this public debate, and based on the conclusions drawn from it, the Commission hopes that all of the European institutions will undertake, at the start of 2011, to make this Act and its 50 measures into the **definitive policy action plan for 2011-2012**. This will serve as a dynamic commemoration of the 20th anniversary of the single market at the end of 2012.

The realisation of the initiatives in the Act in 2012 will provide an occasion to evaluate the implementation and the results obtained in terms of sustainable growth and boosting the confidence of European citizens in the single market. In order to evaluate the results, indicators will be developed which could, for example, measure:

- trends in the cost of issuing a patent;
- the amount of goods traded between Member States as a percentage of the EU's GDP;

- the share of cross-border services as a percentage of the EU's GDP, and the number of businesses established in a Member State other than their Member State of main establishment;
- the number of public authorities interconnected via the information system for the single market (the IMI) and the number of requests introduced, and
- the percentage of goods and services bought on-line in another country.

On the basis of this evaluation, the Commission will plan a second phase to deepen the single market, on the occasion of which other sources of growth and trust in the new single market can be identified. To this end, the Commission will carry out in-depth research, survey and analysis work.

<b>1. Sustainable and equitable growth for business</b>			
<b>1.1 Promoting and protecting creativity</b>			
Proposal No 1	The European Parliament and the Council should take the necessary steps to adopt the proposals for the EU patent, its languages and the unified patent litigation system. The aim is for the first EU patents to be issued in 2014.	No deadline	Innovation Union
Proposal No 2	In 2011 the Commission will submit a proposal for a framework Directive on the management of copyrights, with the aim of opening up access to online content by improving the governance, transparency and electronic management of copyright. <i>The Commission will also be proposing a Directive on orphan works.</i>	2011	A Digital Agenda for Europe
Proposal No 3	In 2010 the Commission will propose an action plan against counterfeiting and piracy, including both legislative and non-legislative measures. Furthermore, in 2011 it will make legislative proposals, in particular to adjust the legislative framework to meet the needs generated by the development of the Internet and to enhance customs work in this area, and it will re-examine its strategy on the implementation of intellectual property rights in third countries.	2010/2011	An integrated industrial policy
<b>1.2 Promoting new approaches towards a sustainable economy</b>			
Proposal No 4	The Commission and the Member States will cooperate in continuing to develop the internal market in services on the basis of the 'mutual evaluation' process set out in the Services Directive and currently implemented by the Member States and the Commission. In 2011, the Commission will indicate specific measures to this end, including in the business services sector.	2011	
Proposal No 5	By the end of 2011, the Commission will take initiatives to develop electronic commerce in the internal market. It will concentrate in particular on problems faced by consumers in the digital economy. These initiatives will include a Communication on the operation of electronic commerce and guidelines for the Member States to guarantee the effective application of provisions in the Services Directive to combat discrimination against recipients of services because of their nationality or place of residence.	2011	A Digital Agenda for Europe Report on citizenship

Proposal No 6	The Commission will propose a legislative reform of the standardisation framework in 2011 to make standard-setting procedures more effective, efficient and inclusive and to extend the scope of the procedures from goods to services.	2011	An integrated industrial policy Innovation Union A Digital Agenda for Europe
Proposal No 7	In 2011 the Commission will adopt a White Paper on Transport Policy, which will propose a series of measures intended in particular to remove the remaining obstacles identified between means of transport and between national systems of transport.	2011	An integrated industrial policy
Proposal No 8	In 2011, the Commission will be adopting a proposal to revise the Energy Tax Directive so as to better reflect the EU's climate and energy objectives in the fiscal context, by basing the minimum duty rates on CO <sub>2</sub> emissions and on energy content.	2011	
Proposal No 9	The Commission will propose an initiative to establish a High Level Group on services to businesses in order to study deficiencies in the market and issues of standardisation, innovation and international trade in sectors such as logistics, installations management, marketing and advertising.		
Proposal No 10	Before 2012, the Commission will look into the feasibility of an initiative on the Ecological Footprint of Products to address the issue of the environmental impact of products, including carbon emissions. The initiative will explore possibilities for establishing a common European methodology to assess and label them.	2012	An integrated industrial policy
Proposal No 11	The Commission will present, in early 2011, an energy efficiency plan to exploit the potential for significant energy savings by complementing existing policies in all sectors where energy is consumed.	2011	

<b>1.3 For small and medium-sized enterprises</b>			
Proposal No 12	The Commission will adopt an action plan for improving SME access to capital markets in 2011. This will include measures to make investors more aware of SMEs, to develop an efficient stock exchanges network or specific regulated markets focussing on SMEs and to make listing and disclosure requirements more adapted to SMEs.	2011	Innovation Union
Proposal No 13	The Commission will assess the Small Business Act by the end of 2010 with the aims of ensuring that the ‘Think Small First’ principle is implemented in both policy and the legislative procedure and linking the Small Business Act closely with the Europe 2020 Strategy.	2010	An integrated industrial policy
Proposal No 14	The Commission will propose a review of the accounting Directives in 2011 to simplify financial reporting obligations and to reduce the administrative burden, especially for SMEs.	2011	
<b>1.4 Funding innovation and long-term investment</b>			
Proposal No 15	The Commission will consider encouraging the creation of project bonds to finance European projects.		An integrated industrial policy
Proposal No 16	The Commission will explore measures with the potential to encourage private investment – particularly in the long term – to make a more active contribution towards achieving the objectives of the Europe 2020 strategy. These measures might concern the reform of corporate governance and create incentives for the long-term, sustainable and responsible investment required by smart, green and inclusive growth. Moreover, by 2012 the Commission will ensure that venture capital funds set up in any Member State can operate and invest freely in the European Union (if necessary by adopting a new legislative framework). It will endeavour to eliminate any tax treatment that disadvantages cross-border activities.	2012	Innovation Union
Proposal No 17	After the currently ongoing assessment of European public procurement legislation, and based on wide-ranging consultation, the Commission will make legislative proposals in 2012 at the latest with a view to simplifying and updating the European rules to make the award of contracts more flexible and to enable public contracts to be put to better use in support of other policies.	2012	Innovation Union An integrated industrial policy



Proposal No 18	In 2011 the Commission will adopt a legislative initiative on services concessions. Clear and proportionate rules will improve market access for EU undertakings by ensuring transparency, equal treatment and a level playing field for economic operators. They will also promote public/private partnerships and boost the potential for delivery of better value for money for users of services and for contracting authorities.	2011	
<b>1.5 Creating a business-friendly legal and fiscal environment</b>			
Proposal No 19	The Commission will take steps to improve the coordination of national tax policies, notably by proposing a Directive introducing a common consolidated corporate tax base (CCCTB) in 2011.	2011	
Proposal No 20	The Commission will publish a new VAT strategy in 2011 on the basis of a Green Paper conducting a fundamental review of the VAT system, planned for 2010.	2011	
Proposal No 21	In 2011 the Commission will propose legislation to introduce the linking of company registers.	2011	
Proposal No 22	By 2012 the Commission will propose a Decision to ensure mutual recognition of e-identification and e-authentication across the EU based on online authentication services to be offered in all Member States. In 2011 the Commission will propose a revision of the Directive on electronic signatures with a view to providing a legal framework for international interoperability and recognition of e-authentication systems.	2012	A Digital Agenda for Europe
<b>1.6. Being competitive in global markets</b>			
Proposal No 23	The Commission will further develop regulatory cooperation with its main trading partners, both bilaterally, in the form of regulatory dialogues, and multilaterally, for example within the G20. The twofold objective is to promote regulatory convergence, including promoting equivalence of third-country regimes where possible, and to push for wider adoption of international standards. On this basis it will pursue negotiations for international trade agreements (both multilateral and bilateral) with a focus on both market access and convergence on regulatory issues, particularly for services, IPR and subsidies.	In progress	An integrated industrial policy

Proposal No 24	In 2011, the Commission will present a legislative proposal in favour of a Community instrument drawing on the implementation of the European Union's international commitments in order to enhance its capacity to ensure improved symmetry in access to public procurement in the industrialised nations and the major emerging economies.	2011	Communication on trade policy
<b>2. Restoring confidence by putting Europeans at the heart of the single market</b>			
<b>2.1 Improving public services and infrastructure of general interest</b>			
Proposal No 25	The Commission undertakes to adopt, by 2011, a Communication and a series of measures on services of general interest.		
Proposal No 26	In 2011 the Commission will adopt a revision of the Community guidelines for the development of the trans-European transport network, and a proposal on a global framework for the funding of transport infrastructure.	2011	An integrated industrial policy
Proposal No 27	The Commission will adopt a Communication on energy infrastructure priorities up to 2020/2030 in order to contribute to the development of a fully operational internal energy market by tackling missing infrastructure links and facilitating the integration of renewable energy. The tools necessary for implementation will be proposed in a new European instrument for energy security and infrastructure, to be tabled in 2011.	2011	An integrated industrial policy
Proposal No 28	The Parliament and the Council should adopt the proposed Decision establishing a European Radio Spectrum Action Programme for more efficient management and use of the radio spectrum.	No deadline	A Digital Agenda for Europe
<b>2.2 Increasing solidarity in the single market</b>			
Proposal No 29	Pursuant to its new strategy for the effective implementation of the Charter of Fundamental Rights by the European Union, the Commission will ensure that the rights guaranteed in the Charter, including the right to take collective action, are taken into account. The Commission will first of all conduct an in-depth analysis of the social impact of all proposed legislation concerning the single market.	2011	

Proposal No 30	In 2011, the Commission will adopt a legislative proposal aimed at improving the implementation of the Posting of Workers Directive, which is likely to include or be supplemented by a clarification of the exercise of fundamental social rights within the context of the economic freedoms of the single market.	2011	
Proposal No 31	The Commission will re-examine the Directive on the activities and surveillance of pension funds in 2011 and will develop other proposals based on the July 2010 Green Paper on pensions, inter alia in order to remove obstacles encountered by mobile workers when making arrangements for their retirement.	2011	
Proposal No 32	The Commission will launch a consultation with the social partners in order to create a European framework for the advance planning of industrial restructuring.	2011	An integrated industrial policy
<b>2.3 Access to employment and lifelong learning</b>			
Proposal No 33	In 2012 the Commission will propose a legislative initiative to reform the systems for the recognition of professional qualifications, based on an evaluation of the <i>acquis</i> in 2011, in order to facilitate the mobility of workers and adapt training to current labour market requirements. As part of this proposal, the possibility of a professional card will be evaluated.	2012	Report on citizenship
Proposal No 34	The Commission will develop, in cooperation with the Member States, a ‘Youth on the Move card’ helping all young people to move to another Member State to study. It will expand its ‘Youth on the Move’ Internet site by providing information on distance learning and opportunities to study and train in Europe.	2012	Communication on Youth on the Move
Proposal No 35	The Commission will implement the European qualifications framework in partnership with the Member States. It will propose a Council Recommendation to promote and validate training outside the classroom (non-formal and informal learning). It will also propose the creation of a ‘European Skills Passport’ enabling individuals to record the knowledge and skills they have acquired throughout their lives. <i>It will establish a bridge between the European Qualifications Framework and the nomenclature of occupations in Europe.</i>	2011	Communication on Youth on the Move

<b>2.4 New resources for the social market economy</b>			
Proposal No 36	In 2011 the Commission will propose a Social Business Initiative in order to support and accompany the development of socially innovative corporate projects within the single market by means of in particular social ratings, ethical and environmental labelling, public procurement, the introduction of a new investment fund regime and the use of dormant savings.	2011	
Proposal No 37	For several reasons relating mainly to the nature of its financing and the preference of shareholders or stakeholders who support projects with a strong element of social, economic and sometimes technological innovation, the market economy is structured around a variety of different types of legal status (foundations, cooperatives, mutual associations, etc.). The Commission will propose measures enabling the quality of the legal structures concerned to be improved in order to optimise their functioning and facilitate their development within the single market.	2011/2012	
Proposal No 38	The Commission will launch a public consultation (Green Paper) on corporate governance. It will also launch a public consultation on possible ways to improve the transparency of information provided by businesses on social and environmental matters and respect for human rights. These consultations could lead to legislative initiatives.	2011/2012	An integrated industrial policy
<b>2.5 A single market serving consumers</b>			
Proposal No 39	In 2011 the Commission will draw up a multiannual action plan for the development of European market surveillance. In addition, in relation to the customs services and the market surveillance authorities of the Member States, the Commission will draw up guidelines for customs controls in the area of product safety in 2011. The Commission will also propose a revision of the general product safety Directive in order to ensure a coherent and effective framework for the safety of consumer goods in the EU.	2011	An integrated industrial policy
Proposal No 40	The Commission will adopt a legislative initiative on access to certain basic banking services at the start of 2011. It will also call on the banking sector to submit a self-regulatory initiative geared towards improving the transparency and comparability of bank charges by the end of 2011.	2011	

Proposal No 41	By February 2011 the Commission will propose a Directive geared towards the creation of a single integrated mortgage market with a high level of consumer protection.	2011	
Proposal No 42	The Commission will adopt a Communication by the end of 2010 aimed at identifying and eliminating the tax obstacles still facing European citizens.	2010	Report on citizenship
Proposal No 43	In 2012 the Commission will adopt a proposal amending the regulation on the rights of air passengers, particularly in the light of the crisis triggered by the recent volcanic eruption in Iceland, and – should the legislative proposal on the road transport sector (buses and coaches) be adopted – a Communication on the rights of passengers using all means of transport.	2012	Report on citizenship
<b>3. Dialogue, partnership, evaluation: The keys to good governance of the single market</b>			
Proposal No 44	The Commission and the Member States will cooperate in continuing to develop the internal market by stepping up the procedure for evaluating the acquis, in particular using the 'mutual evaluation' process set out in the Services Directive and currently being implemented by the Member States and the Commission. The experience gleaned from the mutual evaluation process of the Services Directive will also be applied to other key single market legislation.		An integrated industrial policy
Proposal No 45	In early 2011 the Commission will present a strategy on extending the Internal Market Information system (IMI) to other legislative areas during 2011, with a view to creating a genuine face-to-face electronic network for European administrations. This strategy will be the subject of a legislative proposal. This strategy will be the subject of a legislative proposal.	2011	
Proposal No 46	In 2011, the Commission will be submitting an initiative on the use of alternative dispute resolution in the EU. It will also be adopting a Recommendation in 2011 on the network of alternative dispute resolution systems for financial services. The aim of these two initiatives is to ensure that simple, reasonably priced out-of-court settlement procedures are established to deal with cross-border consumer disputes. By 2012, the Commission will be proposing a European system for the settlement of on-line disputes for digital transactions. It will also carry out a public consultation on a European approach to collective redress in 2010-2011, in order to identify arrangements which could be introduced into the legal framework of the European Union and the legal systems of the Member States.	2011	A Digital Agenda for Europe Report on citizenship

Proposal No 47	The Commission will work in partnership with the Member States to develop a more resolute policy to enforce the rules of the single market. The Commission undertakes to prepare transposition plans and draft correlation tables for the legislative proposals provided for in the Act and to reduce the average time taken to deal with infringement files. The Commission calls on the Member States to reduce their transposition deficit of the single market directives to 0.5% and to provide their correlation tables with the implementing measures.	2011	
Proposal No 48	The Commission will increase consultation and dialogue with civil society in the preparation and implementation of texts. Particular attention will be paid to taking into account the points of view of consumers, NGOs, trade unions, businesses, savers, users and local authorities in the consultations prior to the adoption of proposals and, in particular, with regard to the work of expert groups.	2011	Report on citizenship
Proposal No 49	In 2010, the Commission will continue to promote a one-stop shop to provide citizens and businesses with information and support concerning their rights in the single market, on the internet, by telephone or in person, by developing the 'Your Europe' internet portal and improving its coordination with 'Europe Direct'. The Commission will also strengthen its partnerships with the Member States with a view to ensuring that information on national rules and procedures is also available through this one-stop shop.	2010	Report on citizenship
Proposal No 50	The Commission, in partnership with the Member States, will strengthen informal problem-solving tools, specifically by consolidating and reinforcing the EU Pilot project, the SOLVIT network and the networks of European Consumer Centres. Based on an assessment in 2010, it will make specific proposals concerning SOLVIT in 2011. In the longer term, it will examine the conditions for potential further development of these tools and of the other alternative dispute-resolution mechanisms by forging closer ties between them, with a view to ensuring that they will eventually be able to better deal with all of the problems associated with the single market.	2011	