



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 22 December 2008

17568/08

**COMPET 591
MI 570
SOC 810
CONSOM 228**

COVER NOTE

from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 19 December 2008

to: Mr Javier SOLANA, Secretary-General/High Representative

Subject: Commission staff working document. The Single Market Review: one year on

Delegations will find attached Commission document SEC(2008) 3064.

Encl.: SEC(2008) 3064



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.12.2008
SEC(2008) 3064

COMMISSION STAFF WORKING DOCUMENT

The Single Market Review: one year on

TABLE OF CONTENTS

1.	Introduction	3
2.	Actions To Boost Growth and Jobs.....	4
2.1.	Consumer confidence, protection and opportunity	4
2.2.	Creating the conditions for firms to employ, invest and innovate	5
2.3.	Advancing Social Europe	8
3.	Reaffirming the Principles of a Modernised Single Market.....	10
3.1.	Maintaining a level playing field.....	10
3.2.	Evidence-based single market policy to make markets work better	11
3.3.	The partnership approach	12
4.	Conclusion	12

1. INTRODUCTION

The single market is a unique and proven achievement: "an area without internal frontiers"¹ in which people, goods, services and capital can move freely. It has brought real added value as a means to stimulate economic growth and job creation and also promote wider European social and environmental goals.

Since November 2007, the Commission has been working with all stakeholders to implement a programme of concrete measures to ensure that the single market is up to the job of continuing to deliver for Europe. The Single Market Review² put citizens, consumers, and SMEs at the centre of policy-making. It set out to modernise how the single market delivers these results: through more evidence based tools and through partnership with the Member States.

Right now, European and global economies and societies are facing unprecedented challenges. The financial crisis is having a severe impact on the wider economy, feeding into a serious recession. Steering the EU quickly and decisively to sustained recovery depends on our ability to mobilise all available means. That is why implementing the European Action Plan for Recovery and Reform³, endorsed by the European Council on 12 December, is so important.

At this testing time, it is essential that all Member States reaffirm their commitment to the principles of the single market. A level playing field has proved itself the best basis for governance in the EU, guaranteeing economies of scale, transparency and equal treatment. The Commission is committed to vigorously continuing to apply these principles, based on the Treaty freedoms. In doing so, the Commission is both fulfilling its core obligations and ensuring the single market remains the EU's most valuable asset today and in the future.

The single market, a core pillar of the Lisbon Strategy for growth and jobs, gives the European Union a unique launch-pad for economic recovery. Together with the stabilising influence of the euro, it is a vital tool for cushioning the impacts of the downturn on the real economy. A joint and joined-up approach to recovery, in genuine partnership with the Member States, will deliver the best results.

To really get the most out of the single market, we urgently need to continue the work of modernisation and reinvigoration launched under the Single Market Review. In 2009, single market policy will improve the business environment to help firms – in particular SMEs – cope with the recession. It will drive consumer confidence and demand, and take account of the social dimension, in particular during the recession, through policies that offer opportunities, access and solidarity for all.

One year on from the Single Market Review, and in view of the European Council meeting on 19-20 March 2009, this report demonstrates that the considerable progress already achieved is helping to create the conditions to re-launch the European economy.

¹ Article 14(2) TEC.

² COM(2007) 724 of 20.11.2007.

³ COM(2008) 800 of 26.11.2008.

2. ACTIONS TO BOOST GROWTH AND JOBS

The Single Market Review outlined a series of actions needed to ensure the relevance and effectiveness of the single market in the face of the challenges of our modern globalised world. Some of these actions will pay their full dividends only in the medium or long term.

2.1. Consumer confidence, protection and opportunity

Policy is now firmly directed on the whole package of rights and opportunities that the single market needs to deliver, in particular for consumers. Confident and well-informed consumers are the key driver of more efficient and more integrated European markets. At the present time when consumers are worried about spending, the right policies can help reinvigorate consumer confidence and support purchasing power especially for the most vulnerable households. The Commission has therefore prioritised actions to strengthen consumers' contractual rights when purchasing goods and services, to provide them with relevant information, to support their purchasing power through the enforcement of competition rules, and to consolidate their right to redress if something goes wrong. A second priority is to create more choice in key consumer markets, including on-line markets. Good progress has been made in 2008 and more will follow in 2009.

- Consumer rights: the Commission's proposal to update rules on consumer protection in the field of contractual rights⁴ primarily targets consumer confidence in cross-border shopping, which is important for stimulating demand within the single market. A Communication on consumer protection enforcement in 2009 will address cross-border protection and tackle the problem of rogue traders.
- Consumer redress: obstacles to cross-border collective redress limit consumers rights to fair compensation for losses caused by a trader. The Commission has launched a public consultation⁵ on a range of options ranging from benchmarking to legislative approaches to address this issue. In 2009, the Commission will follow up on the White Paper on compensation for damages caused by breaches of competition law⁶.
- Pharmaceuticals: a well-functioning internal market gives consumers and public health providers better choice and access to cheaper generic medicines. The interim report of the competition sector inquiry presented on 28 November⁷ points to the need to remove barriers for market entry for innovative and generic pharmaceuticals. The final report will be presented in spring 2009. The package of measures presented on 10 December⁸ will ensure that high levels of patient safety and confidence are maintained in particular in the face of increased global trade in counterfeits.
- Buying across borders: geographical market segmentation prevents consumers from having full access to goods and services. The Services Directive⁹ requires Member States by the end of December 2009 to put an end to discrimination that is based on the consumer's nationality or place of residence. The Commission's report on retail market monitoring, including online retail distribution, will propose policy responses by autumn 2009.

⁴ COM(2008) 614 of 8.10.2008.

⁵ COM(2008) 794 of 27.11.2008.

⁶ COM(2008) 165 of 2.4.2008.

⁷ <http://ec.europa.eu/comm/competition/sectors/pharmaceuticals/inquiry/index.html>

⁸ COM(2008) 666 of 10.12.2008.

⁹ Directive 2006/123/EC (OJ L 376, 27.12.2006, p. 36).

- Information and assistance for citizens: the Commission will accelerate work in line with its "Single Market Assistance Service" Action Plan¹⁰, to give citizens a simple and single entry point to quickly access a range of single market information, advice and problem-solving assistance services by early 2010 (European Consumer Centres, SOLVIT, Eures, the Citizens' Signpost Service and Europe Direct).

The Commission has taken a number of initiatives to increase consumer confidence and choice in **retail financial services**, an area of activity that has gained an added urgency in the context of the financial turmoil. More action is scheduled for 2009.

- Bank account switching: an industry code of Common Principles on Bank Account Switching, agreed by the EU banking industry on 5 November 2008 following a request by the Commission, will make it easier for consumers to switch banks¹¹.
- Cross border payments: the Commission has presented a proposal to extend the scope of the Regulation on cross-border euro payments¹², which will ensure that direct debit payments in euro within the EU cost the same as domestic payments.
- Financial education: given the key importance of financial literacy for consumer confidence, the Commission is implementing a series of measures to improve the financial capability of consumers¹³.
- Retail investment products: the Commission will publish a White Paper in early 2009, which will look at where more can be done to protect citizens who invest in retail investment products. The Commission is also examining how to improve the quality of information provided to consumers in the field of mortgage credit.

2.2. Creating the conditions for firms to employ, invest and innovate

A stable financial system is a pre-requisite to economic recovery and the efficient functioning of the single market. The EU has acted to tackle the most urgent shortcomings revealed by the crisis in financial markets, with a combination of monetary policy, regulatory policy and bank recapitalisation plans. Proposals have been tabled in key areas including deposit guarantee schemes¹⁴, credit rating agencies¹⁵ and capital requirements for banks¹⁶, and the co-legislators should adopt them as soon as possible. A public consultation is being launched on hedge funds. Work is also in hand on executive pay and on derivatives. As a strategic initiative under its 2009 Legislative and Work Programme¹⁷, the Commission will present and implement a coherent and wide-ranging programme for the future regulation and supervision of the European financial system.

¹⁰ SEC(2008) 1882 of 8.5.2008.

¹¹ http://ec.europa.eu/internal_market/finservices-retail/mobility/baeg_en.htm

¹² COM(2008) 640 of 13.10.2008.

¹³ COM(2007) 808 of 18.12.2007.

¹⁴ COM(2008) 661 of 15.10.2008.

¹⁵ COM(2008) 704 of 12.11.2008.

¹⁶ COM(2008) 602 of 1.10.2008.

¹⁷ COM(2008) 712 of 5.11.2008.

A modern single market policy is a lever to **simplify the business environment and reduce costs**, in particular for SMEs, as outlined in the Small Business Act (SBA)¹⁸. Reforms are underway in key areas that can help markets and firms cope with the recession.

- EU company law and accounting framework: the European private company statute (SPE)¹⁹ will allow entrepreneurs to set up their businesses and expand beyond national borders using the same company form, with significant cost savings for companies. The fast track measures to reduce administrative burdens on SMEs²⁰, currently before the co-legislators, will ease the reporting requirements on SMEs and bring total savings of €1 billion/year. In 2009 the Commission will table proposals to allow Member States to exempt very small companies (so-called "micro entities") from accounting requirements, reducing administrative burdens by a further €5 billion.
- Late payments and e-invoicing: in early 2009 the Commission will propose revised legislation to help enterprises, in particular SMEs, to obtain prompt payment in their transactions²¹. In the context of the administrative burden reduction programme, the Commission is pursuing work to identify and remove barriers to e-invoicing which will simplify and speed up the billing process. This could deliver cost reductions of up to €18 billion.
- Common commencement dates: the Commission will launch a pilot project to ensure that business-related legislation comes into force on certain fixed dates throughout the year. The Enterprise Europe Network, launched in 2008, keeps SMEs informed about relevant legislative changes.
- Public procurement: in the SBA, the Commission put forward a European Code of Best Practices²² for national authorities to make public purchasing more SME-friendly. Further simplification initiatives are under consideration, together with the ongoing evaluation of the EU Action Plan for e-procurement, to encourage a wider take-up of electronic procedures in public procurement. These will substantially increase access to procurement opportunities - in particular for SMEs – both nationally and between Member States.

The **services economy** has been the main source of employment growth in recent years and is the main economic sector that can create and sustain growth and jobs in the current environment. It is thus crucial to make more progress towards a fully functioning single market for services – including making the most of its significant potential for increasing trade and productivity – so that SMEs and consumers can reap its full benefits to help them through the downturn. As the European Council has emphasised, the effective implementation of the Services Directive needs to be at the centre of that effort. It is one of the most effective measures to create opportunities for SMEs, help them gain access to new markets and generate jobs.

¹⁸ COM(2008) 394 of 25.6.2008.

¹⁹ COM(2008) 396 of 25.6.2008.

²⁰ COM(2008) 194 of 17.4.2008 and COM(2008)195 of 17.4.2008.

²¹ Directive 2000/35/EC (OJ L 200, 8.8.2000, p. 35).

²² SEC(2008) 2193 of 25.6.2008.

- Services Directive: Member States should give adequate resources and strong political backing to ensure full and timely implementation by the December 2009 deadline. They should step up efforts to set up fully functional "points of single contact", finalise the review and simplification of national legislation and adopt necessary legislative measures to streamline procedures, remove red tape and eliminate barriers for businesses in the services sector.

In parallel, the recent adoption of the **goods** package²³ will give a new boost to production and trade in goods, making it easier for all companies to sell their products across the EU, whilst increasing consumer protection. For both goods and services, ongoing standardisation work is fostering innovation and removing barriers to competitiveness²⁴.

The creation of the single market has also benefited the environment, in particular by facilitating the spread of **environmental technologies** across the EU and so allowing for a faster transition to a knowledge-based, low-carbon society. It has proved consistent with high levels of environmental protection, whilst allowing some countries to adopt higher standards.

A determined effort by the Community and Member States is needed to remove remaining "e-barriers". Making more use of **information and communications technology** (ICT) will help firms - especially SMEs - to become more productive and adapt to adverse conditions. Innovation through investment in and use of ICT is key for enhancing labour productivity in services markets.

- E-signatures: under the Action Plan on e-Signatures and e-Authentication²⁵, working with the Commission over the next two years, the Member States should give full political backing and practical support to ensure electronic signature and authentication applications are interoperable across borders. This will allow firms to use public services by electronic means across borders, making business quicker and less costly.
- E-communications: the co-legislators should quickly reach agreement on the revised regulatory framework which will further open the telecommunications market for businesses and consumers, in particular through a more efficient management of radio spectrum across the EU.

Removing barriers to the free movement of knowledge, and so creating a "**fifth freedom**", urgently needs to become a reality, since economic growth and innovation are increasingly based on intangible assets. Yet the single market for those assets is far from complete and is lagging behind our global partners. Progress in this field will be key in the drive to re-launch the European economy. In 2008, the Commission took a series of initiatives to build a unified European market for research and researchers and enhance knowledge creation, its transfer and exploitation, by establishing: a European Partnership for Researchers; a legal base for European research infrastructures; and better international cooperation on science and technology research. A number of priority initiatives launched in 2008 set the stage for progress in 2009.

²³ Regulation (EC) No.764/2008 (OJ L 218, 13.8.2008, p. 21), Regulation (EC) No.765/2008 (OJ L 218, 13.8.2008, p. 30) and Decision 768/2008/EC (OJ L 218, 13.8.2008, p. 82).

²⁴ COM(2008) 133 of 11.3.2008.

²⁵ COM(2008) 798 of 28.11.2008.

- Lead markets initiative: the Commission is pursuing work to create more innovation-friendly market conditions in six key areas: e-health, sustainable construction, protective textiles, renewable energies, bio-based products and recycling. The Commission will report on progress by summer 2009.
- Sustainable Production and Consumption: the Commission's proposals²⁶ will contribute to improving the environmental performance of products, while increasing demand for more sustainable goods and production technologies and so encouraging EU industry to innovate.
- Industrial Property Rights: the Commission re-iterates the urgency of creating a Community patent and an integrated EU-wide jurisdiction for patents. In parallel, the Industrial Property Strategy Communication²⁷ sets out to support inventors in making informed choices on the protection of their rights, and to ensure that those rights are of high quality and accessible to all - in particular SMEs. The lower, simpler trademark fees, expected to apply from 1 July 2009, will lead to significantly reduced costs and simplified procedures for SMEs.
- Copyright: the Commission launched a consultation²⁸ on the availability and dissemination of research, science and educational materials in the single market, and how intellectual property (IP) rules should address these issues.
- Fight against counterfeiting and piracy: the Commission is stepping up efforts by improving coordination between national bodies responsible for IP enforcement; establishing a network of administrative cooperation between Member States to allow for Europe-wide actions; strengthening joint efforts to gather and share data and experience; and setting up a China SME helpdesk²⁹. Significant progress needs to be achieved in 2009.

At **international level**, the Commission will reinforce its efforts to ensure that European businesses can continue to take full advantage of global markets and that European consumers benefit from lower import prices and greater choice. Alongside a major push towards a global agreement in the Doha Round, the Commission will maintain its efforts to secure Free Trade Agreements with key partners, and will strengthen the market access initiative³⁰ to deliver even more opportunities for European SMEs to export their products and services. Economic dialogues with third countries will also enhance the mutual compatibility of regulatory systems, further opening markets and exporting European norms. The Commission is actively engaged in international discussions aimed at redefining the global regulation and supervision of financial markets.

2.3. Advancing Social Europe

In line with the Citizen's Agenda³¹, the EU needs to deliver concrete results for citizens, both economically and socially. Internal market and social policies are mutually reinforcing and

²⁶ COM(2008) 397 of 16.7.2008.

²⁷ COM(2008) 465 of 16.7.2008.

²⁸ COM(2008) 466 of 16.7.2008.

²⁹ Council Resolution on a comprehensive European Anti-counterfeiting and Anti-piracy plan (OJ C 253, 4.10.2008, p. 1).

³⁰ COM(2007) 183 of 18.4.2007.

³¹ COM(2006) 211 of 10.5.2006.

the Commission is determined to develop them in synergy. Maintaining a joined up approach is critical given the particular challenges of the present economic climate.

The Renewed Social Agenda for opportunities, access and solidarity³² focuses on empowering and equipping citizens for the challenges of globalisation, technological and demographic change, and immigration. Proposals which will contribute to more and better jobs and growth in the EU are already before the co-legislators: these include the recast of the Directive on European Works Councils³³ and the package for better reconciliation of professional and working life³⁴. The Directive on Temporary Agency Work³⁵ will bring significantly enhanced working conditions and protection to over three million workers in the EU.

The current economic downturn adds a new and urgent driver to the need for reform. It is vital to invest more in giving people the skills they need to be mobile and stay in work. Younger people must be able to enter the job market. EURES, the European Employment Service providing access to advisers and 1.5 million job vacancies, has been reinforced. The present context also highlights the fundamental importance of the European commitment to solidarity with those who are less advantaged, the need to complete the European legislative framework for non-discrimination³⁶, as well as the key role that public services play in ensuring equal access to a decent quality of life for everyone.

The financial crisis also throws a sharper focus on pension reforms and in particular funded pension schemes. The Commission is monitoring developments, drawing lessons and encouraging the sharing of best practice using the established open method of coordination process.

- Opportunities for all: the "New Skills for New Jobs" initiative aims at better anticipation and matching of skills and labour market needs. In 2009 the Commission will renew its Youth Strategy. A Green Paper on cross-border mobility will promote the integration of young people into the labour market across Europe.
- Dialogue with social partners: a Forum with social partners took place in October 2008 on the relationship between fundamental freedoms and the rights of posted workers. The Commission intends to maintain and follow up this open and constructive dialogue with the social partners. Moreover, a Communication on sectoral social dialogue will be presented in 2009.
- Access to quality healthcare: the proposed directive on patients' rights³⁷ will establish clear and predictable rules on the right to reimbursement for treatment in other Member States. In 2009 the Commission will present a Communication on reducing health inequalities and initiatives on important public health threats including cancer, HIV/Aids and Alzheimer's.
- Services of General Economic Interest: the Commission is proactively pursuing its outreach approach to provide clarification and information to citizens, service providers, public authorities and other stakeholders on the application of Community rules³⁸. A web-

³² COM(2008) 412 of 2.7.2008.

³³ COM(2008) 419 of 7.2.2008.

³⁴ COM(2008) 635 of 3.10.2008.

³⁵ Adopted on 22.10.2008. Awaiting publication.

³⁶ COM(2008) 426 of 2.7.2008.

³⁷ COM(2008) 414 of 2.7.2008.

³⁸ COM(2007) 725 of 20.11.2007.

based "interactive information service" has been successfully launched and will operate in all Community languages from early 2009. On the basis of the practical issues already raised, including in particular by social services stakeholders, the Commission will update its two explanatory "Questions and Answers" documents on state aid and public procurement³⁹.

3. REAFFIRMING THE PRINCIPLES OF A MODERNISED SINGLE MARKET

The Single Market Review set out to reshape the way the single market is governed. The principles that have made the single market such a success since 1992 remain in place. But more effective means to deliver them are needed. A set of new tools for a modernised single market is now being embedded in daily practice: evidence-based policy to make markets work better; and a reinforced partnership approach with Member States to guarantee the functioning of the single market for citizens and firms. The worsening economic outlook makes it even more urgent to complete this work, whilst holding firmly to the principle of a level playing field.

3.1. Maintaining a level playing field

Many areas of the single market, in particular wholesale financial services and many goods markets, have by now reached a considerable degree of integration. A large number of firms operate across borders. Particularly in harsh economic circumstances, both companies and consumers need to know that they will continue to be able to benefit from the opportunities offered by the four freedoms. Any measure that was to cut through integrated markets would carry huge economic risks, as would competition distortions resulting from the actions of Member States or companies. The impact of the financial crisis on the wider EU economy would undoubtedly be much more serious if the single market were to suffer damage.

The success of the steps taken this autumn by the Commission and the Member States to ensure a coordinated European response to the financial crisis has demonstrated the added value of a coordinated approach grounded in a shared commitment to single market principles. These efforts both limited the impact of the financial crisis on the wider economy and avoided any undesirable negative spillovers that might have flowed from unilateral and uncoordinated state measures.

The Commission therefore reiterates the need for a firm commitment to the single market in today's financial and economic crisis. The level playing field that has benefited all Member States, their firms and citizens, over several decades must be maintained and safeguarded if it should come under threat. The fundamental freedoms and principles of the single market should guide any unilateral measures taken by Member States, including crisis measures. National measures, also where Member States have taken economic stakes in undertakings, should also respect in particular the principles of non-discrimination and proportionality and the state aid rules.

³⁹ http://ec.europa.eu/services_general_interest/faq_en.htm.

3.2. Evidence-based single market policy to make markets work better

Market and sector monitoring has developed substantially. It is now recognised as an important tool for policy formulation. This evidence-based approach is of particular importance in the current economic circumstances, as it will allow us to better identify and prioritise inefficient markets and sectors where adjustments can deliver gains in terms of growth, job creation and consumer welfare.

Through a screening exercise at European level, the Commission has identified sectors which have high potential for delivering more growth and jobs but where markets appear to be functioning poorly. Work is in hand with Member States to implement similar screening exercises at national level.

The food supply chain, retail distribution, and the electrical engineering sector were identified as areas for in-depth market monitoring at European level. The food supply chain inquiry is the first to have delivered results. In 2009 the Commission will monitor the pharmaceuticals sector and further in-depth exercises will be launched in other sectors.

- In 2009, the Commission will come forward with reports presenting the results of its work on the retail distribution, including online retail distribution, electrical engineering and pharmaceutical sectors. Interim reports will be made public for reaction and further contributions from all interested stakeholders.
- The Commission will continue to work with Member States to complete national screening exercises and to use the results in developing individual recommendations to Member States in the context of the Lisbon Strategy.
- The roadmap for overcoming obstacles to the proper functioning of the food supply chain⁴⁰ should be implemented as a matter of priority. The Commission and Member States should make full use of internal market and competition instruments where price levels cannot be justified and where markets are failing to pass reductions on to consumers.
- Possible candidates for further market monitoring include in particular three sectors which have been identified as targets for green investment and important for the economic recovery of Europe: construction services, environmental technologies and the car industry. To complement the ongoing work on retail distribution, logistics would be a further possible candidate⁴¹. The Commission invites Member States and wider stakeholders to continue to join in market monitoring activities and to contribute by gathering market intelligence.
- The February 2009 edition of the Internal Market Scoreboard will be expanded to monitor economic in addition to legal integration of the single market. The second edition of the Consumer Markets Scoreboard - to be presented in early 2009 - will identify weak points where the single market is failing consumers. The Commission will work with Member States to develop regular collection and publication of average price data for comparable products and to deliver robust data on complaints.

⁴⁰ COM(2008) 821 of 10.12.2008.

⁴¹ SEC(2008) 3074 of 16.12.2008. Commission Staff Working Document – "Market Monitoring: State of Play and Envisaged Follow-up".

3.3. The partnership approach

Throughout 2008, much progress has been made to reinforce joint management of the single market by the Commission and Member States. The results that can be achieved through cooperation and partnership are clear, as demonstrated by the success of the coordinated and coherent actions in autumn 2008 to stabilise the banking sector.

Close partnership with Member States is now established as an accepted and necessary method for managing the single market. To further deepen the approach, the Commission and Member States have jointly carried out extensive fact-finding work over the course of 2008 to identify problem areas and good practices in how single market rules are transposed, applied and enforced; how information about single market rights is spread; and how cross-border cooperation between authorities works in practice.

This work has shown that although many good practices exist, further action and closer cooperation is needed. Key priorities include: training of civil servants and judges on single market matters; improved application and enforcement of single market rules; greater availability of practical information about single market rights to citizens and businesses; and better internal and cross-border coordination of single market issues.

- As a priority initiative under its Legislative Work Programme for 2009, the Commission will bring forward a Recommendation on Partnership to consolidate the best practices and fill the gaps identified through the fact-finding exercise. To further strengthen the implementation of single market rules at national level, all Member States should set up a national single market coordinator function since this has had real added value in a number of Member States already.
- Internal Market Information System (IMI): 2008 saw completion of a successful pilot project and transition to an operational system to support administrative cooperation between Member State authorities to improve the practical application of the Professional Qualifications Directive⁴². In January 2009, IMI will be extended to the Services Directive on a pilot basis to allow Member States prepare for a fully operational system by the December 2009 deadline. Member States should now intensify their investment in training and awareness-raising activities. In due course, consideration will be given to using IMI for other instruments, for example to facilitate cooperation and information exchange between Member States in applying the Posting of Workers Directive⁴³.

4. CONCLUSION

Considerable progress has been made over the past year to implement our shared vision for the single market of the 21st century. 2009 will see a renewed effort to drive the modernisation of single market policy even further and to ensure that it can play its full part as a launch-pad for economic recovery.

Today's single market can deliver tangible results for consumers and SMEs: stronger contractual rights, better quality and a wider choice of products and services at lower prices,

⁴² Directive 2005/36/EC (OJ L 255, 30.9.2005, p. 22).

⁴³ Directive 1996/71/EC (OJ L 18, 21.1.1997, p. 1) and Commission Recommendation of 31 March 2008 (OJ C 85, 4.4.2008, p. 1).

effective redress and simpler and better information about their single market rights. It can provide safer medicines and cheaper and safer financial products - bank accounts, savings, investment products and payments. It should over time remove those unjustified obstacles to cross-border buying that few citizens understand.

SMEs can benefit from lower costs and administrative burdens, from simpler company rules and better access to markets in other Member States. They should be able to rely on a simple and single company statute, obtain payments from their debtors more promptly, use electronic procedures instead of paperwork and deal with administrative formalities through one contact point.

Unnecessary barriers for cross-border e-business are being tackled. Public procurement rules make it easier for SMEs to bid for tenders and electronic procurement should bring further savings in costs and effort. Member States will have to screen national rules for service provision to make them simpler and more single market friendly.

All these improvements are either underway or within reach – but many depend on Member States reaching agreement quickly and implementing agreed reforms in a timely manner. The Commission will continue to work in close cooperation with Member States to ensure that the progress made is properly communicated to the public at large, to create consensus and to help rebuild confidence among market players and consumers. This is particularly important at national and local level, where all the existing tools for cooperation, including the communication management partnerships, should be deployed.

The economic crisis has vividly demonstrated the pertinence of the new approach set out in the Single Market Review: the focus on empowering consumers and SMEs, fostering investment and innovation, and developing the social and environmental dimensions of the single market. But recent events have also added a new sense of urgency to the reform process. Getting results will depend on how successfully we develop and manage new evidence-based tools and new working methods through a closer partnership with Member States and all stakeholders - consumers, social partners, economic actors and civil society alike.

The European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions are invited to contribute actively to the important work ahead.