Single market for Europeans

2010/2278(INI) - 27/10/2010 - Non-legislative basic document

PURPOSE: to strengthen the single market by means of measures stimulating growth and enhanced citizens' rights (a Single Market Act).

BACKGROUND: the EU's single market is the keystone of more than 60 years of European integration. The combined effect of the integration of the single market, in particular the liberalisation 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, according to Commission estimates.

Nevertheless, **the single market can offer a lot more than growth and employment**. Its potential has not been fully exploited. For example, cross-border procurement accounted for only around 1.5% of all public contracts awarded in 2009. The Commission estimatesthat completing, deepening and making full use of the single market would potentially produce growth of about 4% of GDP over the next ten years.

President Barroso asked Mario Montito submit **a report on the relaunch of the single market**. This report 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. The European Parliament, in its resolution of 20 May 2010, 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 for all stakeholders: business, consumers and workers. This is the very essence of this **Single MarketAct**, which the Commission is now putting forward for public discussion. After this discussion, the Commission will invite the other Institutions to give their formal agreement to the final version of the Act.

This Act is presented in parallel with the 2010 report on European citizenship.

CONTENT: this communication proposes **50 measures** with a view completing, deepening and fully exploiting the single market.

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. SMEs 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 priorities are as follows:

- **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. 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. In 2011 the Commission will submit a proposal for a framework Directive on the management of copyrights as well as an action plan against counterfeiting and piracy, including both legislative and non-legislative measures.

- **Promoting new approaches towards sustainable development: the Single Market Act** should be used as a tool to launch initiatives to create a more effective system of standards, a more

consistent approach to energy taxation throughout the market, continued development of the single markets for services and defence and development of the supply of high-quality environmental products. 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. 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.

- **For small and medium-sized enterprises:** 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** is crucial. 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.

- **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.

- **Creating a business-friendly legal and fiscal environment:** the measures proposed in this sector envisage, inter alia, a reduction of the administrative and regulatory burden. 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 activity. Defence and security are also deserving of attention.

- **Being competitive in global markets:** the EU is the greatest exporter of goods and services in the world and one of the major recipients of foreign direct investment. 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 use all appropriate means to combat unfair trading practices.

2) Europeans at the heart of the single market: 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.

- **Improving public services and key infrastructure:** the EU and its Member States 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.

- **Increasing solidarity in the single market:** the concept of a 'highly competitive social market economy' requires 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. The freedoms afforded by a single market must benefit both the strongest and the weakest, 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.

- **Access to employment and lifelong learning:** specific tools must be proposed to promote and facilitate the flow of skills within the single market. In 2012, the Commission will propose a legislative initiative to reform the systems for the recognition of professional qualifications in order to facilitate the mobility of workers and adapt training to current labour market requirements. Mobility needs to become a normal part of each young European's training: the Commission is in the process of evaluating the possibility of creating European student loans for mobility.

- **New resources for the social market economy:** 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.

- **A single market serving consumers:** in early 2011, the Commission will adopt a legislative initiative on access to certain basic banking services. It will also propose a Directive geared towards the creation of a single integrated mortgage market with a high level of consumer protection. It will adopt a Communication aimed at identifying and eliminating the tax obstacles still facing European citizens. Lastly, it will adopt a proposal amending the regulation on the rights of air passengers.

All interested parties are invited to submit their points of view to the Commission regarding this relaunch of the single market and, in particular, on the 50 measures proposed in this document by 28 February 2011 at the latest.