Governance and partnership in the single market

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PURPOSE: to strengthen the single market through measures to stimulate growth and strengthen citizens' rights (The Single Market Act).

BACKGROUND: the EU single market has remained the cornerstone of the European project for almost 60 years. 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.

However, **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 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. The Commission estimates that completing, deepening and making full use of the single market would potentially produce growth of about 4% of GDP over the next ten years.

The President of the Commission, Mr Barroso, asked Mario Monti to submit a **report on the relaunch of the single market**. 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." In its 2010 resolution, 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'** by placing Europeans at the heart of the market once again and proposing a new global approach to the single market that embraces all of the players in the market (consumers, businesses and workers, etc).

This is the very essence of this **Act**, 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 being adopted at the same time as the EU Citizenship Report 2010.

CONTENT: this Act puts forward **50 proposals** with a view to **c**ompleting, deepening and making full use of 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. 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 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. They must also have access to

effective protection, in particular against counterfeiting and piracy. 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, a Directive on orphan works. In 2010 the Commission will propose 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 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 single markets for services and defence and development of the supply of high-quality environmental products seem particularly promising. 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** appears to be 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, with positive consequences for growth and job creation. 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, high-technology sectors 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 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.

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 Lisbon Treaty, and the affirmation of the concept of a 'highly competitive social market economy' as one of its key objectives, requires the EU to adopt a more all-embracing view of the single market. 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.

- **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, 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.

- **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.

- **Customer service**: in 2011 the Commission will draw up a multiannual action plan for the development of European market surveillance. It will adopt a legislative initiative on access to certain basic banking services at the start of 2011. 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. The Commission will adopt a Communication by the end of 2010 aimed at identifying and eliminating the tax obstacles still facing European citizens. In 2012 the Commission will adopt a proposal amending the regulation on the rights of air passengers.

All interested parties are invited to submit their views about the relaunch of the single market by 28 February 2011.