Better governance for the single market

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PURPOSE: better governance for the Single Market.

CONTENT: the Single Market is a **key driver for economic growth**. However, to reap the benefits it brings, **its rules must be properly implemented and enforced**, and the situation today demonstrates that there is much room for improvement. It has been calculated by some that a more efficient transposition of EU legislation could reduce administrative burdens by one third, leading to an overall cost saving of nearly 40 billion euro.

The **March 2012 European Council** recognised the need to strengthen the governance of the Single Market and to improve its implementation and enforcement. Similar calls have been made by the European Parliament in its resolution of 20 May 2010 and 6 April 2011.

In response, the Commission calls for a renewed commitment to make the Single Market effectively deliver for growth. In particular, it proposes:

- **a particularly ambitious course of action** to make swift progress in key areas with the greatest growth potential;

- **concrete measures** to further improve the Single Market 'governance cycle', i.e., the way Single Market rules are designed, implemented, applied and enforced.

Focus on key areas: based on an analysis of today's European economy, attention in 2012-2013 should, in the Commission's view, focus on **key services sectors and the network industries.** Within the services sector, particular attention should be given to wholesale and retail trade, business services, construction and financial intermediation services. Further, much could be gained from a better functioning digital Single Market and a stronger Single Market in the energy and transport sector. The Communication sets out in detail how these key areas have been selected and which legislative acts should receive special attention in these areas. To make swift progress in these key areas, the Commission: (i) sets out the special efforts needed to ensure that rules are properly implemented and (ii) proposes to make use of the European semester process to monitor how the Single Market functions in these areas and define new actions, at both EU and national level, as follows:

1) Set ambitious targets to ensure proper implementation:

In recent years, important pieces of legislation have been adopted in key areas such as Directive 2006/123 /EC (the Services Directive) and the report stresses the need to make them work in practice. To this end, the Commission and Member State s should join forces to ensure swift transposition and effective implementation of rules.

For Directives that are yet to be transposed, the Commission will **enhance its transposition assistance.** For instance, it will engage in informal contacts with national officials on a bilateral basis and set up expert groups and provide on-line fora to discuss and exchange best practices amongst national experts, as early as possible in the transposition process. It will conduct systematic conformity checks and will take supportive measures to make rules work in practice across the Member States.

Member States, in turn, should:

- informally submit to the Commission specific aspects of draft transposition measures, where they or the Commission consider it appropriate, in order to make the Commission's assistance as effective as possible during the transposition period and to secure rapid implementation;

- commit to '**zero tolerance**' when it comes to transposition of directives, i.e. respecting a transposition deficit target and a conformity deficit target of 0%;

- provide an on-line explanation of how they have transposed rules and how these rules work in practice.

As regards Regulations, the Commission will also step up efforts to secure proper implementation. In addition, f**or legislation that has been transposed and implemented for some time**, the Commission will conduct **in-depth reviews to see how rules are implemented and work in practice,** not only in legal but also in practical and economic terms. In this context, it may propose peer review exercises.

Where problems persist, the Commission will **use its enforcement powers with the utmost vigour** and calls on Member States to co-operate with it to ensure that breaches of EU law are swiftly brought to an end.

2) Monitor and define remedial action in the European semester process: the Commission will prepare an **annual report on the integration of the Single Market**, which will present an analysis of the state of Single Market integration and look at the way the Single Market functions in practice, in particular in key areas and for key market actors, including businesses and consumers. To the maximum extent, it will measure how well the Single Market functions in these areas by making use of concrete benchmarks.

On this basis, the Commission will **identify the main policy challenges and set priorities for action** for the coming year at both EU and national level. Actions may include both legislative and non-legislative initiatives. Particular attention will be given to minimising burdens for SMEs. Where necessary, assessments will go beyond existing rules with the view to exploiting the full potential of the Single Market, in particular by promoting best practices.

The annual report will be part of the Annual Growth Survey, to be discussed by the Council and the European Parliament and be endorsed by the Spring European Council. It will contribute to the definition of **country-specific recommendations**, which will be based on a more in-depth analysis of performance in each Member State, in the context of the European semester process.

Effectiveness: to make the Single Market work more effectively, the Commission recommends making **better use of IT tools** to empower citizens and businesses. It calls on Member States to:

- **strengthen problem-solving tools**;
- **provide user-friendly information on how rules work in practice** within their territories;

- **establish a network of national 'Single Market centres'** to monitor and oversee efforts to improve the functioning of the Single Market, and detect problems and obstacles to an effective functioning of the Single Market in their countries;

- ensure that administrations needing to communicate with each other are linked up **electronically**;

- ensure effective **first-line help centres** exist at the national level where businesses and citizens can turn to when encountering problems in the Single Market ('second-generation SOLVIT centres');

- ensure **fast and effective redress** is available for all Single-Market related problems.

The Commission will work in partnership with Member States to support them in this, and in addition to the other actions under the Communication, and will provide a first report on the integration of the Single Market and the implementation of the Communication as part of the Annual Growth Survey 2013.