# Single market governance within the European semester 2016

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The Committee on the Internal Market and Consumer Protection adopted an own-initiative report by Catherine STIHLER (S&D, UK) on the Single Market governance within the European Semester 2016.

**The Single Market and European Semester**: reiterating that the Single Market is one of the foundations of the EU, Members reiterated their call for **inclusion of the Single Market pillar in the European Semester in order to** boost EU competitiveness and delivering jobs and growth. The single market pillar comprises the following elements:

- **evaluation of single market integration and competitiveness, focused on a set of priorities**: this system should comprise a robust information database, a set of quantitative and qualitative indicators aimed at measuring, inter alia, the economic effects of application of the Single Market rules, benchmarking, peer review and exchange of best practices;
- **report on single market integration and competitiveness in the EU and its Member States**: Members stressed that the single market is the backbone of Member States' economies and the European integration project as a whole. This report should feed into the specific single market section in the Annual Growth Survey, in CSRs and in regular structured Single Market compliance dialogue with the Member States;
- any review process of the European Semester must allow for proper involvement of the **European Parliament, national and regional parliaments and all relevant stakeholders**, including employer organisations and trade unions, not only to increase the ownership of the European Semester but also to increase the level of implementation of the country-specific recommendations (CSRs).

**Untapped potential of the Single Market**: Members welcomed the Commission's intention to **analyse the various existing non-tariff obstacles** within the EU. They underlined the need to carry out appropriate and fair economic and social reforms and to **tackle red tape and protectionism**, in order to improve productivity and the competitiveness of the European economy.

Members regretted that in several Member States there are **significant deficiencies as regards the implementation of the Services Directive**, covering activities representing more than 45 % of the EU's GDP and employment. They noted that the regulation of **regulated professions** varies between Member States, as do reserves of activities.

Members welcomed the Commission's intention to consider an initiative for a **services passport** and a harmonised notification form.

The committee insisted, inter alia, on the need to:

- remedy the inefficiencies in **public procurement** across Member States;
- support transparency of public procurement in the public sector, cross-border competition and better use of public resources, including social and environmental standards;
- develop **e-administration** as a key and urgent priority;
- ensure proper application and better enforcement of the **mutual recognition principle** and for cost-efficient instruments for dispute settlement;

- eliminate the many barriers, mainly bureaucratic, which hinder the development of start-ups and SMEs domestically and internationally;
- invest in the area of **Information Communication Technology (ICT)** and demand that investment be focused on financing the real economy and that sustained measures continue to be taken to achieve that goal;
- upgrade the **European Standardisation System;**
- **modernise their public administrations** by providing more, and better accessible, digital services for citizens and businesses.

**The Single Market in the 21st century**: the report emphasised that the notion of the modern economy is rapidly changing owing to digital and technological advances, more intense international competition and changes in the behavioural patterns of economic agents and consumers. It highlighted the **blurring of lines** between products and services. Moreover, Members pointed out that expenditure in intangible assets are growing in size and importance in comparison to investment in tangibles. Single market regulatory frameworks need to embrace these transformative developments.

In this regard, the Commission is called upon to take a strategic approach to enable sharing economy businesses to compete with traditional businesses in a fair environment

Members welcomed the Digital Single Market Strategy as the right approach to make the EU fit for the digital age. They stressed that accessible, affordable, efficient and high-quality parcel delivery is an essential prerequisite for a thriving cross-border e-commerce for the benefit of SMEs and consumers in particular.

Moreover, they emphasised that **private and public investments in fast and ultra-fast communication networks** are a requirement for any digital progress, and must be incentivised by a stable EU regulatory framework enabling all players to make investments, including in rural and remote areas.

The importance of successful implementation of the European Fund for Strategic Investments in order to maximise investments and support innovative companies at different funding stages of their development is stressed.

**Governance of the Single Market**: in order to achieve stronger single market governance and ownership at all levels, the report called for: (i) **a clarification of division of tasks** between those levels; (ii) frameworks providing better incentives and clear accountability for the implementation and enforcement of single market laws are needed to give new impetus to the single market. It also pointed to the importance of monitoring and data collection and the need for a robust and integrated system.

Lastly, the Commission is called upon to: (i) issue an **annual report** on the single market barriers in various Member States and the EU as a whole and to issue recommendations focused on removing these barriers in the CSRs; (ii) use all available measures, including **infringement procedures**, when necessary, to ensure full implementation of single market legislation.