Annual report on the single market governance within the European semester 2017

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The Committee on the Internal Market and Consumer Protection adopted the own-initiative report by Antonio LÓPEZ-ISTÚRIZ WHITE (EPP, ES) on the Annual Report on the Single Market Governance within the European Semester.

The European Union’s changing environment is a permanent challenge to the single market which needs to adapt. Identified inadequate levels of investment and obstacles in product and services markets hamper productivity and competitiveness of the European economy.

The European Semester aims to increase the coordination of economic and fiscal policies across the EU in order to enhance stability, promote growth and employment and strengthen competitiveness.

Strengthening the single market pillar of the European Semester: Members reiterated that the single market is one of the foundations of the EU and is the backbone of Member States’ economies and of the European project as a whole. It remains fragmented and insufficiently implemented and has great potential for growth, innovation and jobs. The Commission is called upon to ensure the completion of all dimensions of the single market, including goods, services, capital, labour, energy, transport, and in the digital sector.

Members urged the creation of a **strong single market pillar** with a social dimension within the European Semester. The single market pillar within the European Semester would allow a regular evaluation of the governance of the single market through systematic checks of national legislation.

In this regard, the Commission is also urged to:

- carry out systematic monitoring of implementation and enforcement of the single market rules through the country-specific recommendations (CSRs);
- report to Parliament on the progress made by Member States in the implementation of the CSRs related to the functioning of the single market;
- report to the competent committee of Parliament on the measures taken to ensure progress in the implementation of the CSRs and the progress achieved thus far.

Tapping the potential of the single market in key growth areas: the report stressed that, despite the abolition of tariff barriers in the single market, a **vast number of various unnecessary non-tariff barriers (NTBs) still exist**. Strengthening the single market requires urgent action at both EU and national level in order to address those unnecessary NTBs. Moreover, barriers related to the free provision of services are of particular concern as they hamper, above all, the cross-border activity of small and medium-sized enterprises, which are a driving force of development of the EU economy.

The Commission is called upon to:

- promptly present the concrete proposals linked to the enforcement of single market rules (e.g. the creation of a simple, modern and fraud-proof VAT system);
- ensure that the EU public procurement rules are implemented in a timely manner;
- act strongly against protectionism by Member States;
- promote the Digital Single Market;
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present a proposal for a revision of the Mutual Recognition Regulation which should ensure that companies have an effective right to free circulation within the EU of products that are lawfully marketed in a Member State;
- press forward with its vision for a single and coherent **European Standardisation System** that adapts to the changing environment, supports multiple policies and brings benefits to consumers and businesses;
- improve governance of the single market by developing a set of analytical tools including social indicators to more properly measure its performance within the framework of the single market pillar of the European Semester.

Overall, Members called for the **framework for single market governance to be enforced** and for the monitoring and assessment of the correct, timely and effective implementation and application of single market rules to be strengthened.

The Commission is called upon to:

- precede each legislative initiative with a thorough impact assessment which takes into account the consequences of the act for the business environment in all Member States;
- rigorously pursue its actions in the area of smart enforcement and a culture of compliance;
- strengthen the market surveillance mechanism to detect unsafe and non-compliant products and to remove them from the single market;

Lastly, Members stressed the importance of the Commission's help and cooperation with Member States in the field of better transposition, implementation and application of single market legislation. They also stressed, in this context, the need for further actions at national level, including with a view to reducing administrative burdens and avoiding adding additional requirements when transposing directives into national law (‘gold-plating’), such as tax barriers to cross-border investment.