



Improving governance of the Single Market

Late implementation of directives by Member States (MS) is one of the main obstacles to the completion of the Single Market, according to the European Commission, which is seeking better governance of the Single Market.

Challenges and opportunities

The European Single Market is not yet fully complete. The Commission's 2012 [internal market scoreboard](#) observed that, although the average percentage of Single Market legislation not yet transposed on national level (the transposition deficit) remains below the agreed target of 1%, some MS would not be able to overcome the high backlog "without drastic action". The Commission also noted the rising number of directives for which transposition is overdue by two years or more, increasing duration of infringement procedures and transposition deadlines exceeded by an average of nine months. At the same time, external estimates suggest that more [efficient transposition](#) of EU legislation could lead to savings of approximately €40 billion. Ambitious implementation of the [Services Directive](#) could bring gains of 2.6% of EU GDP, improving on the current 0.8% estimate.

Communication on better governance

In June 2012 the Commission adopted its [Communication on governance](#) of the Single Market. It proposed to focus on sectors with the highest growth potential: in 2012-2013 these will be network industries (e.g. energy and telecommunications) and key services sectors (trade, business services, financial intermediation and transport). MS were urged to reach the target of 0% for late and incorrect transposition of directives in these areas. Furthermore, the Commission called for the length of infringement procedures to be shortened and for compliance with judgments of the Court of Justice to be ensured through penalty payment procedures. The Commission also proposed horizontal measures such as an emphasis on clear, easily implementable new regulation, better use of existing IT tools to

facilitate participants in exercising their Single Market rights, and setting up national centres to oversee the Single Market's functioning. Monitoring is integral to the annual reports on Single Market integration published in the context of the [European Semester](#) process. The [2013 Report](#) noted that only one MS (Denmark) met the new 0% transposition deficit target and that the online problem solving network [SOLVIT](#) was underused.

Stakeholder views

The European Economic and Social Committee [called](#) for speedy implementation of the measures proposed in the Communication. Employers [stated](#) that since implementation of Single Market legislation varies across MS, mutual evaluation of implemented law would be valuable. Furthermore, they [argued](#) that variation in implementation causes difficulties for enterprises seeking to capitalise on the European market and that less but better-implemented legislation is the way forward. Analysts [suggested](#) that accelerated infringement procedures are likely to be politically highly sensitive. Other observers [claimed](#) that removing transnational barriers to satisfy Single Market requirements may lead to fragmentation within domestic markets. Researchers [argued](#) that the "transposition deficit" definition, including only directives, risks drawing attention away from the increased importance of regulations in Single Market legislation.

European Parliament

In resolutions from [2010](#) and [2011](#), the EP called for strengthening of Single Market governance and improving the transposition and enforcement of Single Market legislation. On 23 January 2013, the Internal Market Committee adopted a draft [report](#) (rapporteur Andreas Schwab, EPP, Germany) proposing to establish a Single Market governance cycle as a specific pillar of the European Semester, with emphasis on impact assessment, proper implementation of the measures adopted, better enforcement and regular evaluation.