

### CAN WE MEASURE THE PERFORMANCE OF THE SINGLE MARKET?

#### BACKGROUND

The European Parliament has called for creating a governance system for the Single Market similar to the economic governance of fiscal policies within the European Semester. This would require a qualitative assessment of policy results and effectiveness of the measures taken. How could this be achieved? Is it possible to measure the performance of the Single Market? The study on [Indicators for measuring the performance of the Single Market - Building the Single Market Pillar of the European Semester](#) (PE 518.750) aims at answering these questions and investigates possible methodologies, providing the necessary elements for identifying relevant indicators. This leaflet presents the main findings of the study.



#### KEY FINDINGS

According to the study, there are room and possibilities to define an integrated measurement system of Single Market performance in view of the European Semester. A possible methodology would rely on three pillars, each of them making use of different indicators:

<p><b>Measuring economic performance</b></p>	<p><b>A set of (non-aggregated) economic indicators</b> is probably the best option to serve as a monitoring and evaluation tool, to be <b>complemented by further qualitative analysis</b>. Indicators identified as providing useful information to monitor and evaluate the Single Market and analysed in the study: <b>price convergence, trade in goods and services, cross-border movement of workers or persons, interest rates and Foreign Direct Investment</b>. Price convergence may be the variable that best fits the aim of measuring the economic performance of the Single Market. The study recommends not aggregating the set of indicators into a composite index.</p>
<p><b>Measuring regulatory performance</b></p>	<p>The "<b>Single Market gap</b>" indicator proposed in the study aims at measuring the Single Market "gap", i.e. how much EU citizens and companies are at a disadvantage when operating cross-border, in each Member State and in several policy areas. The proposed <b>methodology to build the indicator</b>, which relies essentially on case studies, <b>includes eight steps</b>, from identification of the regulatory areas to be covered by the indicator to the aggregation of results. <b>This indicator could be used in practice in the European Semester process to give specific policy recommendations, both for the EU institutions as a whole and for specific Member States.</b></p>
<p><b>Measuring sectoral policies</b></p>	<p>The <b>study provides EU policy-makers with a toolbox of criteria</b> to identify which economic sectors or policy areas should undergo monitoring, according to their relevance in terms of economic performance and regulatory problems experienced by citizens and companies. <b>Four criteria</b> are proposed to assess the <b>economic significance</b>. As regards the <b>regulatory criteria, the study identifies a number of tools</b> that could be used to help spot areas of legislation that create the largest problems to European citizens and companies.</p>

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## CONSTRAINTS AND REMAINING CHALLENGES POINTED OUT BY THE STUDY

Designing a measurement system requires discretionary choices to be made.

Economic indicators: it is sometimes difficult to say "this is an actual internal market effect"

Data availability is still a problem

### LOOKING FORWARD: RECOMMENDATIONS

- **Measuring economic performance:** it is recommended **not to use economic indicators for a country-based annual assessment (e.g. European Semester) of the Single Market** performance to be transposed into individual country recommendations. However, a report on the internal market and its long-run effect (e.g. five years) could be done using a set of economic indicators.
- **Measuring regulatory performance:** the "**Single market Gap indicator**" designed in the study could be directly used by the EU institutions (e.g. the Commission) in the European Semester process to define EU-wide or country-specific recommendations.
- **Measuring sectoral policies:** sectoral indicators could be used to highlight where the highest potential lies. The Commission could consider re-publishing DG ECFIN's **Market Monitoring Tool**.
- It is **not recommended to create a composite indicator** to measure the economic performance together with the regulatory performance of the Single Market.

**Source:** this paper is based on the study on "Indicators for measuring the performance of the Single Market - Building the Single Market Pillar of the European Semester" and the presentation held during the IMCO Committee meeting of 25/09/2014.

Scan QR code to access the study:



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