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on Single Market governance within the European Semester 2015
(2014/0000(INI))

Committee on the Internal Market and Consumer Protection

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Single Market governance within the European Semester 2015 (2014/0000(INI))

The European Parliament,

- having regard to the Commission Communication of 13 November 2013 entitled ‘Annual Growth Survey 2014’ (COM(2013)0800) and the Commission report of 13 November 2013 entitled ‘A Single Market for growth and jobs: An analysis of progress made and remaining obstacles in the Member States – Contribution to the Annual Growth Survey 2014’ (COM(2013)0785),
- having regard to the Commission report of 28 November 2012 entitled ‘State of the Single Market Integration 2013 – Contribution to the Annual Growth Survey 2013’ (COM(2012)0752),
- having regard to the Commission Communication of 8 June 2012 entitled ‘Better Governance for the Single Market’ (COM(2012)0259),
- having regard to the Commission Communication of 3 March 2010 entitled ‘Europe 2020 – A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to the Commission Communication of 19 March 2014 entitled ‘Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth’ (COM(2014)0130),
- having regard to the Commission Communication of 2 June 2014 entitled ‘2014 European Semester: Country-specific recommendations – Building Growth’ (COM(2014)0400),
- having regard to the Commission Communication of 3 October 2012 entitled ‘Single Market Act II – Together for new growth’ (COM(2012)0573),
- having regard to the Commission Communication of 13 April 2011 entitled ‘Single Market Act – Twelve levers to boost growth and strengthen confidence – “Working together to create new growth”’ (COM(2011)0206),
- having regard to the study of September 2014 entitled ‘The Cost of Non-Europe in the Single Market’ commissioned by the IMCO Committee,
- having regard to the study of September 2014 entitled ‘Indicators for Measuring the Performance of the Single Market – Building the Single Market Pillar of the European Semester’ commissioned by the IMCO Committee,
- having regard to the study of September 2014 entitled ‘Contribution of the Internal Market and Consumer Protection to Growth’ commissioned by the IMCO Committee,
- having regard to the July 2014 edition of the online Single Market Scoreboard,

- having regard to the European Council conclusions of 26-27 June 2014,
 - having regard to the European Council conclusions of 20-21 March 2014,
 - having regard to the deliberations of the Competitiveness Council of 25-26 September 2014 on the Europe 2020 strategy for growth and jobs,
 - having regard to its resolution of 7 February 2013 with recommendations to the Commission on the governance of the Single Market¹, and to the Commission's follow-up thereon adopted on 8 May 2013,
 - having regard to its resolution of 25 February 2014 on Single Market governance within the European Semester 2014², and to the Commission's follow-up thereon adopted on 28 May 2014,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on the Internal Market and Consumer Protection (A8-0000/2014),
- A. whereas in the context of the mid-term review of the Europe 2020 strategy, the Single Market should be considered a key tool for reigniting economic growth in the EU, at the same time ensuring complementarity with the more traditional drivers of growth, such as boosting investment in innovation and education;
 - B. whereas there is a need to strengthen the governance of the Single Market within the European Semester and to improve the transposition, implementation and enforcement of the rules which govern it;
 - C. whereas, more than 20 years after its official creation, the Single Market has not yet been fully completed, primarily because Member States have not fully transposed or implemented Union legislation;
 - D. whereas the EU Single Market strategy should be coordinated and based on a pragmatic, comprehensive and wide-reaching agreement supported by all Member States and the EU institutions; whereas strong leadership on the part of all EU institutions and clear political ownership on the part of the Member States is still required in order to fully implement and enforce Single Market-related rules, and increase the credibility of and confidence in the Single Market;
 - E. whereas while many tools exist to measure the economic performance of the Single Market within the European Semester, so far they have not yet triggered any clear impact on policy;
 - F. whereas a well functioning and effective Single Market, based on a highly competitive social market economy, is needed to boost growth and competitiveness and to create jobs so as to revitalise the European economy;

¹ Texts adopted, P7_TA(2013)0054.

² Texts adopted, P7_TA(2014)0130.

- G. whereas a stronger focus on the Single Market in the context of the European Semester is necessary in order to better exploit its growth and employment potential and to allow citizens and businesses to fully benefit from it;

1. Building the Single Market pillar of the European Semester

1. Reiterates its call on the Commission to improve governance of the Single Market by developing an analytical tool to measure Single Market integration within the framework of the Single Market pillar of the European Semester; believes that such an analytical tool could provide useful input for country-specific recommendations (CSRs), the Annual Growth Survey, the European Council's guidance to Member States, and the national action plans aimed at implementing the Single Market guidelines;
2. Asks for a comprehensive overhaul of the framework for Single Market governance, strengthening of the monitoring of the correct, timely and effective application of rules; stresses the need to use the Single Market as the third pillar of the European Semester in order to cover a clear set of priorities related to the real economy;
3. Calls on the Commission to take full account of the key growth areas for building an EU Single Market fit for the 21st century, previously identified by the Commission and further specified in the study of September 2014 entitled 'The Cost of Non-Europe in the Single Market' as services, the consumer acquis, public procurement and concessions, the free movement of goods, transport, energy and the Digital Single Market;
4. Considers that there is a need to define an integrated measurement system, combining different methodologies such as composite indicators, a systematic set of indicators and sectoral tools to measure the performance of the Single Market for the purpose of embedding it in the European Semester; stresses that, in order both to measure and to provide an impetus for deepening the Single Market in key priority areas, a headline indicator and a target for this indicator as regards Single Market integration should be considered;
5. Notes that in the context of assessment of economic impacts on the Single Market within the European Semester, further efforts should be made to promote the provision of appropriate details on the methodology applied and the data used, in order to ensure the credibility and comparability of the results obtained, establish the relevant linkages with ex-post assessments, and point to gaps in the data needed to conduct the assessments;
6. Regrets that the CSRs have not been sufficiently aligned with the Europe 2020 targets; calls, therefore, for more determined efforts to guide and coordinate national and EU policies;
7. Calls, furthermore, on the Member States to take more seriously the implementation of the CSRs and to transpose rigorously the EU targets into their own targets at national level; considers, therefore, that the Member States should report annually and thoroughly on the implementation of the CSRs;
8. Supports the emphasis in the CSRs for 2014 on the importance of removing unjustified restrictions and barriers to entry in the key sectors; urges the Member States concerned to give those recommendations their utmost consideration and, as an immediate priority, to

remove these obstacles to the growth of the Single Market;

9. Calls on the Commission to make Single Market governance a priority in the European Semester in general and to take full account of the key growth areas and of the measures included in the Single Market Acts I and II;

II. Untapped potential of the Single Market in key growth areas

10. Recalls that the Single Market is a key driver for growth and jobs and has an indispensable role to play in meeting the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth; notes, however, that this potential remains untapped in many respects;
11. Is greatly concerned by the persistent uncertainty of private investors, their lack of confidence and their reluctance to invest, in particular as a consequence of productivity standards with persisting Single Market fragmentation;

Digital Single Market

12. Takes the view that completing the Digital Single Market is crucial to stimulating growth and creating employment in the European economy;
13. Regrets the fact that the lack of national and European investment is impeding the achievement of the priority goals and objectives in the key area of the digital market;
14. Believes that fragmentation and a lack of legal certainty are primary concerns in this field and that the inconsistent enforcement of existing EU rules in Member States also needs to be addressed;
15. Notes that the completion of the Digital Single Market could generate additional GDP growth of 4.0 % over the period up to 2020 and supports new investment in infrastructure and the deployment of new technologies, such as 4G; considers the adoption of the EU's general data protection framework and the Network and Information Security Directive as essential for the completion of the Digital Single Market by 2015;
16. Underlines that there is a clear need to update EU Single Market rules for the digital era, establishing a single area for online payments, e-invoicing, protecting intellectual property rights and clarifying VAT requirements, in order to generate trust in e-commerce and afford adequate protection to EU consumers online;

Free movement of goods

17. Believes that the free movement of goods, capital, services and people still offers untapped potential for citizens and business, in terms of efficiency, growth and jobs creation;
18. Reiterates its support for comprehensive trade and investment agreements that would support the creation of quality jobs for European workers, directly benefit European consumers and open up new opportunities for EU companies, in particular small and medium-sized enterprises (SMEs);

Services

19. Underlines that specific policy actions should be included in the Europe 2020 strategy, aiming at addressing barriers in the services sectors covered by the Services Directive, and in financial services, for example, and putting more explicit emphasis on the deepening of the Single Market;
20. Considers that consumer protection in the area of financial services should be strengthened and consumers' financial capabilities raised, given the significant potential damage that financial services can cause to individual consumers and the Single Market;
21. Reiterates the need for renewed efforts to combat tax evasion, including through rapid progress in tackling the problem of VAT fraud;
22. Reaffirms its position that the overall level of investment in research and development should be increased; reminds the Commission of the need to create a genuine Single Market for knowledge, research and innovation and for the completion of the European Research Area;

Public Procurement and concessions

23. Welcomes the fact that in 2014, the third generation of the EU regulation on public procurement was adopted with a view to simplifying the 2004 regime and overcoming interpretation problems and heterogeneity in concession contracts;
24. Stresses the need for the proper and timely transposition of legislation on public procurement and concessions; highlights the importance of public procurement as a key driver of growth, particularly for SMEs;

Consumer acquis

25. Finds it regrettable that the fragmented implementation of EU consumer protection legislation by the Member States results in differences in the protection of consumers and differences in the severity and timing of any enforcement measures taken; considers that this limits the consistency and coherence of legislative provisions in the same sectors or between different sales channels;
26. Calls on the Commission to ensure the implementation and enforcement of rules such as the Consumer Rights Directive;

III. Instruments for the assessment of Single Market integration and governance tools

27. Acknowledges that the Single Market Scoreboard can be considered a best practice for monitoring and evaluating the compliance of Member States with Single Market obligations, given that it may trigger improvements and catch-up processes among countries;
28. Notes that with respect to the regulatory performance of the Single Market, a composite indicator to measure the Single Market gap, that is the additional burden borne by citizens and companies in cross-border activities because of the lack of rules governing the Single Market, could be developed; insists that such an indicator should facilitate the

development of conclusions which could result in policy recommendations for the EU institutions and Member States;

29. Supports the creation of a sustainable Single Market based on the development of an inclusive, resource-efficient, knowledge-based economy, including measures to further all innovation in sustainable technologies, put consumer interests at the heart of the Single Market, and make improvements in respect of an informal problem-solving mechanism for the Single Market, such as SOLVIT;
 30. Acknowledges the continuous increase in the use of the Your Europe and Your Europe Advice portals, which should be able to provide the necessary information to anyone moving around the EU;
 31. Welcomes the fact that the average transposition deficit in Member States has fallen below the 1 % limit agreed by the European Council, reaching 0.6 %, which represents the best result registered so far since the creation of the Internal Market Scoreboard;
 32. Urges the Member States and the Commission to step up their efforts to enforce Single Market legislation and to monitor this enforcement, inter alia through regular EU inspection sweeps;
 33. Recalls, however, that infringement proceedings have revealed a number of limitations in terms of swiftly addressing and correcting the implementation and application deficiencies in Single Market provisions; calls on Member States to work more effectively with the Commission in resolving cases more swiftly;
 34. Insists, furthermore, that every effort should be made towards ensuring the more effective use of infringement proceedings for breaches of Union law provisions in the field of the Single Market, and that the Member States and the European Council should continue the further development of infringement proceedings in the framework of future revisions of the Treaty on the Functioning of the European Union;
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35. Instructs its President to forward this resolution to the Commission and the Council, and to the European Council and the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Introduction

At the heart of Europe's competitiveness and its biggest economic strength is the Single Market. This market of 500 million persons gives the European Union (EU) the opportunity to be the global economic powerhouse. It gives businesses right across the continent a 'home' market in which to sell their goods and services, attracts investment from around the world and is the launchpad for Europe's trade with far-flung market.

The crisis has shown that the EU needs to act to improve its economic model and restore competitiveness. This requires a mix of sound public finances, structural reforms and targeted investment. EU 2020 is the EU's strategy to boost sustainable growth and the creation of jobs and the Single Market has a key role to play in this.

However, the Single Market is not currently fulfilling its potential. The EU needs to support Member States to do far more cross-border trade in services and must take urgent action to keep pace with changing digital technologies. Europe needs a Single Market fit for the twenty-first century to enable European businesses to stay ahead of the competition and consumers to enjoy access to high-quality products and services from across the EU. Relaunching the Single Market serves to re-activate Europe's engine of growth and employment, and ultimately serves to expand opportunities for citizens. The first challenge is thus to empower citizens to become full actors within the Single Market.

To reap the benefits of the Single Market, its rules must be properly implemented and enforced. Whilst the Commission has been working in partnership with Member States to this end, the situation today demonstrates that there is much room for improvement. The average transposition deficit has slightly fallen, and Member States are taking time (8 months on average) to transpose Directives after the transposition deadline has lapsed. The duration of infringement procedures has further increased on average. And even where rules are formally correctly transposed, they often do not work well in the implementation. Businesses and citizens often do not understand their rights and encounter many difficulties when trying to exercise them.

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.

This is the third report on the Single Market governance in the Internal Market and Consumer Protection Committee (IMCO) and is part of the package of three parliamentary reports dealing with the EU semester 2015. It focuses, in particular, on the Commission 'Single Market for growth and jobs' report accompanying the Annual Growth Survey and dealing with the state of the integration of the Single Market.

Building the Single Market Pillar of the European Semester

The strengthening of the Single Market governance is connected to the concrete possibility of establishing a dedicated pillar of the European Semester. The Rapporteur considers that the coordination of economic and employment policies should be completed by a fundamental part covering all possible levers for boosting real economy that might otherwise stay out of the overall coordination of the European Semester. Such a Single Market pillar should cover a clear set of priorities related to the real economy and key growth areas.

For this reason, the Rapporteur encourages a focused organisation of the work of the Competitiveness Council so that it is explicitly devoted to feeding those priorities of relevance to the real economy into the European Semester. The achievement of these priorities is essential to stimulate growth and jobs and bridge the present gap from reaching the objectives of the Europe 2020 strategy, while exploiting the Single Market's full potential to ensure economic convergence between Member States inside and outside the euro area, in core and peripheral areas of the EU. The Italian Presidency's initiative on the new 'Approach to the Internal Market' (new AIM) in the context of the mid-term review of the Europe 2020 strategy is a step in the right direction.

The Rapporteur has dedicated particular attention to key growth areas whose potential for economic recovery and convergence is relevant, with a view to further complete and deepen the Single Market while strengthening the protection of citizens' rights. To achieve such aims purely quantitative statistics on the implementation of Single Market legislation are not sufficient. It is necessary to focus on the quality of how the legislation is implemented within the Member States, based on specific key indicators for sectors of the Single Market developed at European level.

The Rapporteur believes that Single Market governance must be improved, if it is to fulfil the role of an EU engine to promote and facilitate growth and jobs, but also to serve as a benchmark for commitment to structural reform in the Member States. This means reinstating political oversight at the highest level, eschewing any artificial distinctions between what takes place at EU level and what takes place at Member State level, while developing more efficient tools to ensure the Single Market delivers for citizens and businesses as well.

The Rapporteur underlines that too many problems encountered by businesses and citizens in the Single Market remain unresolved, or are resolved only at the expense of excessive time and cost. For the Single Market to work in practice, businesses and citizens need to know their rights and opportunities and be able to make effective use of them.

To make the enforcement of Single Market law more effective, there is an urgent need to further develop and strengthen existing mechanisms and achieve better synergies between them. Steps should be taken to ensure that problems can be effectively resolved at the national level and, where possible, via informal means. This creates more opportunities for consumers, establishes quality standards and stimulates more competitive prices. Fostering competitiveness, creating new opportunities in the digital Single Market are key areas for the revitalisation of this common economic area.

The Commission report on the state of the Single Market integration accompanying the AGS has already indicated problems and deficiencies; however it should also cover a clear set of

priorities related to the real economy and indicate efficient levers for boosting growth and competitiveness.

The Rapporteur is also convinced that coordination of the Single Market priorities in the context of the European Semester should be anchored in a deeper democratic process with the full involvement of national parliaments, the respect of prerogatives of the European Parliament and an adequate space given to social partners and all other stakeholders.

Single Market's untapped potential in key growth areas

In its Communication on Better Governance for the Single Market, and in the study entitled 'The Cost of Non-Europe in the Single Market' of September 2014, requested by IMCO, the key growth areas for improving the functioning and deepening of the Single Market were identified, through a methodology that should be regularly assessed and revised, as: free movement of goods, services, public procurement and concessions, the digital single market, the body of consumer law (consumer acquis), and energy and transport.

The Rapporteur believes that these are still priority areas and that the efforts of coordination should be re-launched. She also considers that these areas should be enriched and combined with other aspects strictly related to Single Market policies for which other measures and proposals should be put forward.

This report provides an occasion to make an evaluation of the state of play of the most important proposals, considering the important role for the functioning of the Single Market that has been attributed to them.

Instruments for assessment of the Single Market integration and governance tools

In the face of an already dense acquis of Single Market provisions, the proper implementation and enforcement of these rules becomes ever more important in order to effectively contribute to economic recovery. Yet, statistics on the transposition deficit of Member States with regard to Single Market rules as well as the rising number of infringement procedures raise serious concerns and clearly show that we are still not fully reaping the potential benefits of a completed Single Market.

While the transposition of EU law into national law might be perceived as a mere legal technique of the Member States, there is considerable potential to improve the governance of the Single Market also at that stage.

By transposing all measures related to a Union legislative act at once and jointly renders the transposition more transparent and coherent by reflecting the agreement reached at Union level. Further, while there are already instruments to compare provisions of directives adopted at Union level with the corresponding provisions at national level, their added value in terms of transparency has hardly been exploited.

Conclusion

In the face of a large number of Single Market provisions, it is obvious that not all carry the same relevance and have the same impact on citizens and businesses. While in an ideal state, all those provisions were implemented and monitored to an equal degree, in order to achieve tangible improvements for the Single Market key growth areas for actions need to be selected. At this, it is suggested to look in particular at the economic relevance and the growth potential of the specific areas and instruments. While the number of key areas and instruments should further be limited, an annual review of those priorities would allow to reflect the current importance of those areas and to respond to recent developments and their impact on the Single Market.

Following these considerations, the Rapporteur takes the view that in order to achieve tangible improvements a clearer and more stringent governance for the Single Market is needed. For this purpose, it is pertinent to establish a transparent and predictable framework in which the possible negative and positive results of Member States in the implementation and application are adequately and regularly reflected. As previously called for by the IMCO reports, such stringent Single Market governance should be organised within an annual Single Market governance cycle and should be considered in the light of the European Semester. Given the economic importance of the Single Market, a regular assessment of its state would represent an added value to those evaluations and complete the picture.

With the sum of these proposed measures, a strong leadership of all European institutions and a clear political ownership on the part of the Member States, the Rapporteur believes that a stronger governance of the Single Market will contribute to lift remaining restrictions and allow all actors to fully reap the benefits of the four freedoms.