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on Annual Report on the Single Market Governance within the European Semester 2017
(2016/2248(INI))

Committee on the Internal Market and Consumer Protection

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Annual Report on the Single Market Governance within the European Semester 2017 (2016/2248(INI))

The European Parliament,

- having regard to its resolution of 25 February 2016 on Single Market governance within the European Semester 2016¹, and to the Commission's follow-up thereon adopted on 27 April 2016,
- having regard to its resolution of 11 March 2015 on Single Market governance within the European Semester 2015², and to the Commission's follow-up thereon adopted on 3 June 2015,
- having regard to its resolution of 25 February 2014 on Single Market governance within the European Semester 2014³, and to the Commission's follow-up thereon adopted on 28 May 2014,
- having regard to its resolution of 7 February 2013 with recommendations to the Commission on the governance of the Single Market⁴, and to the Commission's follow-up thereon adopted on 8 May 2013,
- having regard to its resolution of 26 May 2016 on the Single Market Strategy⁵,
- having regard to its resolution of 26 May 2016 on non-tariff barriers in the single market⁶,
- having regard to the Commission communication of 26 November 2015 on the Annual Growth Survey 2016 – Strengthening the recovery and fostering convergence (COM(2015)0690),
- having regard to the Commission communication of 28 October 2015 on 'Upgrading the Single Market: more opportunities for people and business' (COM(2015)0550) and the report on 'Single Market Integration and Competitiveness in the EU and its Member States' (SWD(2015)0203),
- having regard to the Commission communication of 6 May 2015 on 'A Digital Single Market Strategy for Europe' (COM(2015)0192),
- having regard to the Commission communication of 8 June 2012 on 'Better Governance for the Single Market' (COM(2012)0259),
- having regard to the Commission communication of 8 June 2012 on the implementation of the Services Directive (COM(2012)0261), as updated in October 2015,

¹ Texts adopted, P8_TA(2016)0060.

² Texts adopted, P8_TA(2015)0069.

³ Texts adopted, P7_TA(2014)0130.

⁴ Texts adopted, P7_TA(2013)0054, Schwab report.

⁵ Texts adopted, P8_TA(2016)0237, Comi report.

⁶ Texts adopted, P8_TA(2016)0236, Dalton report.

- 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 2016 edition of the online Single Market Scoreboard,
 - having regard to the European Council conclusions of 17-18 March 2016,
 - having regard to the European Council conclusions of 28 June 2016,
 - 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 (A8-0000/2017),
- A. whereas delivering a deeper and fairer single market will be instrumental in creating new jobs, promoting productivity and ensuring an attractive climate for investment and innovation;
 - B. whereas this requires a renewed focus across Europe, including the timely completion and implementation of different single market strategies;
 - C. whereas this renewed focus must also include the implications of Brexit, inter alia for the free movement of goods and services, the right of establishment, the customs union and the internal market acquis in general;
 - D. whereas, following the economic crisis which began in 2008, the EU is still having to face a period of stagnation with sluggish economic recovery; whereas, on a more positive note, the motto of the Annual Growth Survey (AGS) for 2016 was ‘strengthening recovery and fostering convergence’;
 - E. whereas 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;
 - F. whereas the single market is one of the cornerstones of the EU and one of its major achievements; whereas for the European Semester to successfully foster economic growth and stabilise economies, it must equally encompass the single market and policies aimed at its completion;

Strengthening the single market pillar of the European Semester

1. Reiterates 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; stresses that for the EU to successfully strengthen its recovery and foster convergence, the single market

plays an essential role;

2. Reiterates its call for the creation of a real single market pillar within the European Semester, with a system of regular monitoring, identification of the country-specific barriers to the single market and evaluation of single market integration and competitiveness; insists that the evaluation of the state of single market integration should become an integral part of the economic governance framework;
3. Recalls that the European Semester was introduced in 2010 with the aim of ensuring that Member States discuss their economic and budgetary plans with their EU partners at specific times throughout the year, allowing them to comment on each other's plans and monitor progress collectively;
4. Stresses that the Single Market pillar within the European Semester should serve to identify the key areas for the promotion and facilitation of growth and jobs; stresses, furthermore, that it should also serve as a benchmark for commitment to structural reform in Member States;
5. Reiterates its call on the Commission to take full account of the key growth and job-creation areas for building an EU single market fit for the 21st century, as previously identified by the Commission and further specified in the study of September 2014 entitled 'The Cost of Non-Europe in the Single Market' and including services, the Digital Single Market and in particular e-commerce, the consumer acquis, public procurement and concessions and the free movement of goods;
6. Urges the Commission to carry out systematic monitoring of implementation and enforcement of the single market rules through the country-specific recommendations (CSRs), in particular where those rules make a contribution to structural reforms;
7. Highlights that among the goals of the Investment Plan for Europe are removing barriers, increasing innovation and deepening the single market;
8. Stresses that improving the investment environment means strengthening the single market by providing greater regulatory predictability and by reinforcing the level playing field in the EU and removing barriers to investment both from within and outside the EU; notes that several work strands have been launched at EU level, as laid out in the Single Market Strategy, the Energy Union and the Digital Single Market, and considers that this EU effort needs to be accompanied by an effort at national level;
9. Recalls that the new set of recommendations for the euro area include reforms aimed at ensuring open and competitive product and services markets;

Tapping the potential of the single market in key growth areas

10. Stresses that despite the abolition of tariff barriers in the single market, a vast number of various non-tariff barriers still exist; highlights that strengthening the single market requires urgent action at both EU and national levels in order to address those non-tariff barriers;
11. Welcomes the Single Market Strategy and its targeted actions aimed at creating

opportunities for consumers, professionals and businesses, encouraging and enabling the modernisation and innovation that Europe needs, and ensuring practical delivery that benefits consumers and businesses in their daily lives;

12. Emphasises, in respect of the single market in services, that there is a clear need to improve the cross-border provision of services; welcomes the Commission's intention to present a proposal for a services card and for a harmonised notification form; welcomes, furthermore, the Commission's intention to review market developments and, if necessary, take action in connection with insurance requirements for business and construction service providers;
13. Notes that more than 5 500 professions across Europe require specific qualifications or a specific title, and welcomes, in this context, the mutual evaluation of regulated professions conducted by the Commission with the Member States;
14. Anticipates, in respect of the single market in goods, a Commission 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;
15. Calls on the Commission to 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; highlights that European standards are frequently adopted worldwide, not only bringing the benefits of interoperability and safety, reduction of costs and facility of companies' integration in the value chain and trade, but also empowering industry through internationalisation;
16. Takes the view that advancing the Digital Single Market is crucial to stimulating growth, creating quality jobs, keeping the European economy globally competitive and bringing benefits to both businesses and consumers;

Strengthening the governance of the single market

17. Reiterates its call on the Commission to improve governance of the single market by developing a set of analytical tools to more properly measure its economic and regulatory performance within the framework of the single market pillar of the European Semester; believes that such an analytical tool could provide useful input for the CSRs, the AGS, the European Council's guidance to Member States, and the national action plans aimed at implementing the single market guidelines;
18. Calls for enforcement of the framework for single market governance and strengthening of the monitoring and assessment of the correct, timely and effective implementation and application of single market rules;
19. Is still of the opinion that there is a need to define an integrated measurement system, combining different methodologies such as composite indicators, a systematic set of indicators and sectorial tools, so as to measure the performance of the Single Market for the purpose of embedding it in the European Semester; calls on the Commission, in order both to measure and to provide an impetus for deepening the single market in key priority areas, to consider a headline indicator and a target for this indicator as regards single

market integration;

20. Reiterates its call on the Commission to introduce quantitative targets for the reduction of administrative burdens at European level; asks that these quantitative targets be considered in the Commission's new initiative on reducing administrative burdens;
21. Calls on the Commission to rigorously pursue its actions in the area of smart enforcement and a culture of compliance, so as to remedy the situation where not all the opportunities that the single market offers on paper are a reality today because EU law has not been fully implemented and enforced;
22. Calls on the Commission to strengthen the market surveillance mechanism to detect unsafe and non-compliant products and remove them from the single market;
23. Welcomes and eagerly anticipates the Commission initiative to create a Single Digital Gateway to build on and improve existing tools and services, such as the Points of Single Contact, the Product Contact Points, the Construction Contact Points, the Your Europe portal and SOLVIT, in a user-friendly way for the benefit of both citizens and businesses;
24. Acknowledges the positive role of the 'EU Sweeps' actions, launched by the Commission to enhance enforcement through coordinated control actions to identify breaches of consumer law in the online environment; believes that 'EU Sweeps' could also be broadened to the offline sector;
25. Recognises the importance of better regulation principles and the REFIT initiative, and the need for regulatory security and predictability, when designing new legislative initiatives;
26. Stresses the importance of better transposition, implementation and application of single market legislation; stresses, 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;
27. Stresses that the single market should continue to work for all actors - EU citizens and in particular students, professionals and entrepreneurs, as well as SMEs - in all Member States, who should remain in permanent dialogue and should be committed to assess what works and what does not work, and in what way single market policy should be developed in the future; highlights, in this context, the role of the Single Market Forum organised annually by the Commission in cooperation with local partners such as national authorities, chambers of commerce and business associations;
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28. Instructs its President to forward this resolution to the Commission, the Council, the European Council and the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Introduction

The Single Market is one of Europe's landmark achievements. In the last 50 years, the European Single Market, a market of 500 million persons, has generated economies of scale for European companies that have strengthened industrial competitiveness, and has created new business opportunities, jobs and offered larger choice at lower prices for consumers, enabling people to live, work and study wherever they want. The Single Market more than any other European policy contributed to better integration of EU firms providing them international value chains and, consequently, a world-wide competitiveness.

The European Union changing environment is a permanent challenge to the Single Market which needs to adapt. A moderate recovery associated with uneven economic performance social conditions and reform implementation, urge us to create policies to consolidate the recovery and foster convergence towards the best performers.

Identified inadequate levels of investment and obstacles in product and services markets hamper productivity and competitiveness of the European economy. Businesses often feel stifled by outdated and excessively burdensome regulations.

Meanwhile, innovation and global value chains are generating major new opportunities. Digital technologies are transforming many industrial sectors, leading to more efficient production and new, innovative business models. Manufacturing and services are increasingly being merged into smart and clean business offers that provide greater value added for customers. But this innovation is also challenging traditional business models and established relationships between consumers and business operators.

Improving Europe's economic model and restoring competitiveness requires a comprehensive combination of public finances, structural reforms and targeted investment. Bringing recovery to a sustainable path and reviving the convergence process can only be achieved if all EU Institutions and Member States act together. This requires close involvement of the European and national Parliaments, social partners, national, regional and local authorities and the civil society at large.

The Investment Plan, aimed at mobilising at least EUR 315 billion of additional investment over three years and bringing investment back to sustainable pre-crisis levels is now operational. The plan targets stimulating financing for investment, removing barriers, increasing innovation and deepening the Single Market. Member States play a key role in the accomplishment of these goals.

This is the fifth 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 2017. It focuses, in particular, on the Commission annual cycle of economic policy coordination - European Semester -, with the publication of the Commission's Annual Growth Survey, the Alert Mechanism Report, the draft Joint Employment Report and recommendations for the euro area to allow for better integration of the euro area and national dimensions of EU economic governance in the 2017 cycle.

Your Rapporteur has divided the report in three parts: the first part is looking into strengthening the Single Market pillar of the European Semester process; the second part discusses how the Single Market potential in key growth areas could be untapped; and the last part is devoted to strengthening the governance of the Single Market.

Strengthening the Single Market pillar of the European Semester

In line with previous IMCO reports on the Single Market governance within the European Semester, your Rapporteur finds it important to reiterate the long-standing Parliament's call for the creation of a real Single Market pillar within the European Semester, which should encompass a system for regular monitoring, identification of the country-specific barriers to the Single Market and evaluation of Single Market integration and competitiveness.

The Single Market pillar within the European Semester should serve to identify the key areas to promote and facilitate growth and jobs and as a benchmark for commitment to structural reform in Member States. It would allow a regular evaluation of the governance of the Single Market, enabling the institutions with the necessary information to redesign, implement, apply and enforce the Single Market regulatory framework, delivering concrete results to the citizens. In this context, the Commission should carry out systematic monitoring of implementation and enforcement of the Single Market rules through the country-specific recommendations (CSRs), in particular where those rules make a contribution to structural reforms.

Finally, your Rapporteur recalls that among the goals of the Investment Plan for Europe are removing barriers, increasing innovation and deepening the Single Market. In this context, your Rapporteur stresses that improving the investment environment means strengthening the Single Market by providing greater regulatory predictability and by reinforcing the level playing field in the EU and removing barriers to investment from within the EU as well as from outside the EU.

Tapping the potential of the Single Market in key growth areas

Looking into the key growth areas where the potential of the Single Market remains untapped, your Rapporteur recalls that, despite the abolition of tariff barriers in the Single Market, a vast number of various non-tariff barriers still exist, and considers that strengthening of the Single Market requires urgent action at both EU and national levels to address those non-tariff barriers. This topic was discussed in-depth in the Dalton report on Non-Tariff Barriers in the Single Market.

Furthermore, your Rapporteur welcomes the 2015 Single Market Strategy entitled 'Upgrading the Single Market: more opportunities for people and business'. The Single Market Strategy was the topic of the Comi report which also highlighted the importance of the Strategy's targeted actions aimed at creating opportunities for consumers, professionals and businesses, encouraging and enabling the modernisation and innovation that Europe needs, and ensuring practical delivery that benefits consumers and businesses in their daily lives.

In respect of key growth areas, your Rapporteur first looks into the Single Market for services. As there is a clear need to improve the cross-border provision of services in the EU, your Rapporteur considers that several Commission's initiatives in the area should contribute to achieving that objective, such as a proposal for a services card, a harmonised notification form and the Commission's intention to take action in connection with insurance requirements for

business and construction service providers. Also, there is a need to address more than 5500 professions across Europe that require specific qualifications or a specific title.

In respect of the Single Market in goods, your Rapporteur anticipates a Commission 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. Your Rapporteur also calls on the Commission to press forward with its vision for a single and coherent European Standardisation System that adopts to the changing environment, supports multiple policies and brings benefits to consumers and businesses. It should be noted that European standards are frequently adopted worldwide, bringing not only the benefits of interoperability and safety, reduction of costs and facility of companies' integration in the value chain and trade, but also, empower industry to the internationalization.

Finally, your Rapporteur believes that advancing the Digital Single Market is crucial to stimulating growth, creating quality jobs, keeping the European economy competitive globally and bringing benefits to both businesses and consumers.

Strengthening the Governance of the Single Market

With regard to the governance of the Single Market, it should be recalled that initial proposals on how to strengthen this important aspect of the Single Market were addressed in the 2013 Schwab report which came as a response to the Commission communication of 8 June 2012 on Better Governance for the Single Market.

Your Rapporteur finds it important to reiterate the Parliament's call on the Commission to further improve governance of the Single Market by developing a set of analytical tools to more properly measure the economic and regulatory performance of the Single Market within the framework of the Single Market pillar of the European Semester. In this context, your Rapporteur believes that the framework for Single Market governance should be enforced and that the monitoring and assessment of the correct, timely and effective transposition, implementation and application of Single Market rules, including with a view to reducing administrative burden and avoiding "gold-plating", should be strengthened. In addition, there is a need to define an integrated measurement system so as to measure the performance of the Single Market for the purpose of embedding it in the European Semester, as well as the need for a headline indicator and a target for this indicator as regards Single Market integration.

Your Rapporteur also calls on the Commission to pursue rigorously its actions in the area of smart enforcement and a culture of compliance to remedy the situation where not all the opportunities of the Single Market offers on paper are a reality today.

With regard to the Single Market tools, your Rapporteur eagerly anticipates the Commission initiative to create a Single Digital Gateway which should build on and improve existing tools and services such as the Points of Single Contact, Product Contact Points, Construction Contact Points, the Your Europe portal and SOLVIT in a user friendly way for the benefit of both citizens and businesses.

Conclusion

To conclude, your Rapporteur would like to reiterate that delivering a deeper and fairer Single Market is instrumental in creating new jobs, promoting productivity and growth and ensuring an attractive climate for investment and innovation. The Single Market more than any other European policy contributed to better integration of EU firms providing them international value chains and, consequently, a world-wide competitiveness.

The strengthening of the Single Market governance is connected to the concrete possibility of establishing a dedicated pillar of the European Semester. Your Rapporteur considers that the coordination of economic and employment policies should be complemented 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.

It is important to ensure that the Single Market continues working for all actors – EU citizens and, in particular students, professionals and entrepreneurs, as well as SMEs, in all Member States which should remain in permanent dialogue, engaging them to assess what works, what doesn't work, and in what way Single Market policy should be developed in the future. One of the central contributions to this objective is made through the annual editions of the Single Market Forum which is organised by the Commission in cooperation with local partners such as national authorities, chambers of commerce and business associations.