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REPORT

on the Internal Market Scoreboard
(2011/2155(INI))

Committee on the Internal Market and Consumer Protection

Rapporteur: Simon Busuttil

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Internal Market Scoreboard (2011/2155(INI))

The European Parliament,

- having regard to the 23rd Internal Market Scoreboard, published by the Commission (SEC(2011)1128),
- having regard to the Commission Staff Working Document of 24 February 2012 entitled ‘Making the single market deliver – Annual Governance Check-up 2011’,
- having regard to the 22nd Internal Market Scoreboard, published by the Commission (SEC(2011)0372),
- having regard to the Commission’s Staff Working Document of 24 February 2012 entitled ‘Reinforcing effective problem-solving in the single market – Unlocking SOLVIT’s potential at the occasion of its 10th anniversary’,
- having regard to the statement of the Members of the European Council of 30 January 2012 entitled ‘Towards growth-friendly consolidation and job-friendly growth’ regarding the governance of the single market and the commitment to ‘swiftly and fully implement at the national level’ what Member States have already agreed, in order to deliver the full potential of the single market,
- having regard to the 2010 annual report on the development and performance of the SOLVIT network (SEC(2011)0229),
- 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’ (SEC(2011)0467),
- having regard to the Commission communication of 11 November 2011 ‘Towards a Single Market Act. For a highly competitive social market economy. Fifty proposals for improving our work, business and exchanges with one another’ (COM(2010)0608),
- having regard to the Krakow Declaration, approved during the Single Market Forum,
- having regard to the Commission staff working paper entitled ‘The single market through the lens of the people: A snapshot of citizens’ and businesses’ 20 main concerns’ (SEC(2011)1003),
- having regard to the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 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 annual report on the functioning of the EU Pilot Project

(COM(2010)0070),

- having regard to the Commission communication of 11 November 2010 on the implementation of Article 260(3) of the Treaty (SEC(2010)1371),
 - having regard to the Commission recommendation of 29 June 2009 on measures to improve the functioning of the single market¹,
 - having regard to its resolution of 20 May 2010 on delivering a single market to consumers and citizens²,
 - having regard to its resolution of 9 March 2010 on the Internal Market Scoreboard³,
 - having regard to its resolution of 9 March 2010 on SOLVIT⁴,
 - having regard to the report by Professor Mario Monti entitled ‘A new strategy for the single market. At the service of Europe’s economy and society’,
 - having regard to the conclusions of the Council (Competitiveness – Internal Market, Industry, Research and Space) of 10 December 2010 on ‘The Single Market Act’,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Internal Market and Consumer Protection (A7-0153/2012),
- A. whereas the importance of a functioning internal market was highlighted during the first Single Market Forum (2-4 October 2011, Krakow, Poland) and in particular in the Krakow Declaration, and Parliament’s resolution of 1 December 2011 on the outcome of the Single Market Forum⁵ in which the single market is described as the most powerful tool for putting Europe back on the path to sustainable growth and job creation;
- B. whereas the internal market cannot work properly without the correct transposition, application and enforcement of the directives that contribute to its functioning;
- C. whereas it is imperative that Member States transpose internal market legislation into national law not only in a timely manner, but also correctly, and whereas failure to comply by a single Member State hinders the economic interests not just of that Member but of the Union as a whole;
- D. whereas it is not enough to transpose European directives promptly and correctly, since the proper implementation of EU law is also of major importance;
- E. whereas the publication of the Internal Market Scoreboard has consistently helped

¹ OJ L 176, 7.7.2009, p. 17.

² Texts adopted, P7_TA(2010)0186.

³ Texts adopted, P7_TA(2010)0051.

⁴ Texts adopted, P7_TA(2010)0047.

⁵ Texts adopted, P7_TA(2011)0543.

enhance the transposition of single market legislation by providing objective and substantive data on transposition and implementation of these rules by the Member States; considers, nevertheless, that some Member States are still failing fully to meet their objectives of correct and timely transposition of European legislation into national law, and, therefore, that objective data should remain at the core of the Internal Market Scoreboard exercise through systematic, independent monitoring; whereas a more qualitative approach needs to be adopted which looks beyond the figures and identifies the reasons for this deficit;

- F. whereas, although the Internal Market Scoreboard and the Consumer Market Scoreboard are used in different contexts and have different methodologies with different scopes and different sets of indicators, they share the overall aim of improving the functioning of the internal market;
- G. whereas Malta has the best record on timely transposition of EU directives and Belgium is at the bottom of the league, having increased its already high transposition backlog;
- H. whereas only Estonia has performed well on all counts with regard to the ‘internal market health check’;
- I. whereas, although countries with small administrations have limited resources to handle the transposition of complex legislative dossiers, small Member States such as Malta have nonetheless succeeded in meeting the transposition deadlines;
- J. whereas the current average deficit of 1.2% is once more above the 1% target agreed by the Heads of State and Government in 2007, laments the growing trend of increased transposition deficits, encourages Member States to direct greater resources to combat this trend, whilst noting that many Member States have reduced the number of directives remaining to be transposed;
- K. whereas 85 directives remain untransposed in at least one Member State (the fragmentation factor is 6 %) and thus cannot produce their full effect in the single market;
- L. whereas two directives are more than two years behind their transposition deadline, in direct violation of the ‘zero tolerance’ target set by the Heads of State and Government in 2007;
- M. whereas the number of incorrectly transposed directives remains at an average of 0.8 %, despite the fact that the Commission pointed out in the Single Market Act the need for a clear and determined compliance deficit policy;
- N. whereas in the last few months as many as seven Member States have fallen even further behind in the transposing of EU directives;
- O. whereas more accurate information is needed on the quality of transposition;
- P. whereas better quality in the drafting of adopted legislation could help reduce delays in the transposition of EU law;

- Q. whereas the Lisbon Treaty introduced for the first time the possibility of immediate fines imposed by the European Court of Justice in the event of non-communication of transposition measures;
- R. whereas the Commission, the European Parliament, the national parliaments and the administrations of the Member States need to do more to define, communicate and help citizens enforce their rights, as this would also enable the internal market to work better;
- S. whereas, when internal market rules are misapplied, the lack of efficient redress systems can hinder the effectiveness of citizens' rights by obliging them to start long, slow judicial proceedings in order to defend themselves;
- T. whereas there must be a freely flowing exchange of best practices and information among the authorities responsible for correct application of the internal market rules and among those in charge of redress in the event of misapplication;
- U. whereas the SOLVIT network was created by the Commission and the Member States in 2002 with the aim of solving problems that arise for citizens and businesses owing to the misapplication of internal market law;
- V. whereas SOLVIT is an on-line problem-solving network in which EU Member States (as well as Norway, Iceland and Liechtenstein) work together to solve, without legal proceedings, problems encountered by citizens and businesses caused by the misapplication of internal market law by public authorities;
- W. whereas SOLVIT is a successful system which provides redress informally within an average of 10 weeks, and whereas the success of SOLVIT in resolving internal market problems could serve as a model of good practice for other Single Market Assistance Services;
- X. whereas, it is important to consolidate and further develop SOLVIT's presence and capacities at all levels of the national administrations in order to guarantee maximum efficiency and best results;
- Y. whereas SOLVIT should act as a complement to the Commission's legal work on infringement proceedings by alerting the Commission on specific issues relating to the transposition and implementation of EU law in the Member States;
- Z. whereas the Commission is preparing a new strategy to reinforce SOLVIT;

Building the regulatory framework of the internal market

1. Welcomes the Internal Market Scoreboard and SOLVIT as important tools, albeit of a different nature, to monitor and identify problems in the transposition and implementation of EU law, but also to identify gaps and bottlenecks in the single market, with a view to encouraging action for a better functioning internal market;
2. Affirms that the timely and correct transposition and implementation of internal market legislation is a crucial prerequisite for the success of the internal market, which in turn is a

key driver of increased competitiveness and growth, especially at a time of economic crisis;

3. Welcomes the fact that the Commission has merged the Internal Market Scoreboard, Your Europe, Your Europe Advice, SOLVIT, IMI and single points of contact reports into a single comprehensive report, the Annual Governance Check-up, which allows for a reader-friendly, holistic assessment of the functioning of the single market;
4. Considers that constant and frequent monitoring of the progress made by Member States is one of the key factors in encouraging them to step up their efforts; welcomes, in this connection, the Commission's announcement that a distinct Internal Market Scoreboard will continue to be published each year in or around the summer; notes with concern, however, that separate reports for each of the different elements of the Annual Governance Check-up could divert the focus away from a holistic approach and deviate the efforts of the Commission's services towards reporting rather than solving problems highlighted in the Annual Governance Check-up;
5. Calls for the Council to commit to reducing the transposition deficit further and to set tougher – but, at the same time, more realistic – transposition and implementation goals for all Member States to fulfil;
6. Calls on the Member States to take seriously the directives they have helped draw up and effectively fulfil their obligations under the European Union Treaties;
7. Welcomes the fact that considerable progress has been registered in reducing the number of long overdue directives and calls on Member States to continue their positive efforts in this respect;
8. Calls on the Commission and Member States in the Internal Market Advisory Committee to consider how to improve cooperation between the Commission and Member States, how best to exchange best practices and how to highlight successful mechanisms put in place by Member States;
9. Calls on the Commission to classify outstanding infringements in the Internal Market Scoreboard according to those which may be easily resolved and those which result in outright disagreement between the Commission and the Member States; calls on the Commission and the Member States to work to identify the underlying reasons for these disagreements and to further eliminate them; calls on the Commission, in particularly contentious cases, to propose modifications to EU legislation where appropriate, in order to resolve contentious issues of interpretation;
10. Takes note of the Commission's success with the EU Pilot; cautions, however, that while this may have resulted in a lower number of infringement cases, it may leave the Commission to deal with the most difficult cases in the formal infringement proceedings, which could also be the cause of longer duration of infringement cases; fears that this will result in longer delays in resolving internal market gaps;
11. Notes that almost 50% of pending Internal Market infringement proceedings relate to areas of taxation and environment; calls on the Member States to dedicate particular

attention to better and timelier transposition and implementation of EU rules in these two areas;

12. Calls on the Commission to ensure that infringements of EU law are pursued swiftly by infringement proceedings;
13. Calls on the Commission to make more use of SOLVIT as a first port of call for complaints concerning a misapplication of EU law in a cross-border context; calls also on the Commission to ensure that cases which could not be resolved by SOLVIT are appropriately followed up;
14. Calls on the Commission to provide support for Member States in the transposition of EU law by developing new tools such as transposition guidelines and a transposition helpdesk;
15. Notes that the average duration of infringement proceedings is too long and calls on the Commission to take effective action to reduce this duration; calls on the Commission to report to Parliament on such action;
16. Calls on the Commission to explore new ways of ensuring timely and full application of Court judgements and procedures by Member States;
17. Calls on the Commission to supplement the Internal Market Scoreboard with new additional criteria, without affecting its 'readability', to monitor the correct implementation of current legislation;
18. Calls on the Commission to present in the Internal Market Scoreboard the changing distribution of infringement proceedings initiated by sector since the previous Scoreboard, and to propose an evaluation of the reasons for the most significant changes in terms of the number of proceedings initiated;
19. Calls on the Member States to renew their efforts to improve their fulfilment of targets; affirms that completing the internal market with better and timelier transposition of existing and new legislation is an effective way of fighting the economic crisis;
20. Stresses that Member States should continue to further reduce transposition delays in order to meet the 1% target; notes that special attention and priority should be given to directives whose deadline for transposition into national law has expired more than a year ago, significantly improving the transposition delays;
21. Calls on the Commission to report to Parliament on its application of Article 260(3) of the Lisbon Treaty regarding the possibility for the European Court of Justice to impose immediate fines at first instance in cases where Member States are found to have reneged on their obligation to transpose EU legislation;
22. Calls on the Commission to provide evaluations of findings further to petitions submitted to Parliament on single market problems and to incorporate them in the Annual Governance Check-up; stresses that greater account should be taken of the petitions process in order to improve the EU's legislative process and bring it closer to the citizens;

23. Notes that the entry into force of the Lisbon Treaty has given the European Parliament increased powers to structure and review EU legislation; calls for the findings of the Scoreboard to feature in the structured dialogue between the European Parliament and the national Parliaments;
24. Calls on the Commission to ensure that correlation tables are made public, to insist that Member States formally accept a reduction in numerical targets limiting the transposition and compliance deficit for national legislation to 0.5 % for the transposition deficit and 0.5 % for the compliance deficit respectively, and to ensure more effective application of infringement proceedings by means of numerical targets relating to the stages of the procedure, since, as the Commission identified in the Single Market Act, these are necessary to thorough and comprehensive implementation of single market legislation;
25. Calls on Member States to systematically provide proper correlation tables setting out how internal market directives are applied in national regulations;
26. Calls on the Commission to take measures to improve the quality of drafting in European legislation; welcomes the efforts devoted to better and smarter law-making and encourages all three institutions involved in the legislative process to constantly endeavour to improve the quality of the legislation they jointly produce;

Delivering the internal market to businesses and citizens

27. Calls on the Commission to find ways to increase coordination and improve practical cooperation between existing tools such as SOLVIT, Your Europe Advice, the Enterprise Europe Network, European Consumer Centres, the European Employment Service, IMI, the Europe Direct information network and the points of single contact to avoid duplication of efforts and resources and hence achieve more effective management;
28. Calls on the Commission to propose ways of better integrating tools such as SOLVIT with the petitions process of the European Parliament;
29. Emphasises that, over the years, the SOLVIT network has proved to be simple, fast and cost-effective in solving problems affecting citizens and business in the misapplication of single market rules; notes, nevertheless, that the SOLVIT network remains largely fragmented and underused; urges the Commission to concentrate more efforts on training, education and exchange of best practice between staff employed in the SOLVIT networks;
30. Calls on the Member States to ensure that SOLVIT centres are appropriately staffed and that there is the necessary degree of coordination and communication with all levels of the national administrations, as well as with the different Commission services, to ensure that decisions are implemented; calls on the Commission to modernise the 2001 Commission Recommendation on principles for using 'SOLVIT' - the internal market problem solving network, in line with what is proposed in the Commission Staff Working Document 'Reinforcing effective problem-solving in the single market';
31. Notes that cumbersome social security procedures are one of the main concerns of citizens discouraging mobility of workers in Europe; calls for more SOLVIT resources to be dedicated to dealing with social security cases;

32. Stresses the importance of the involvement of associated partners in the framework of SOLVIT, in particular with a view to alleviating the burden of SOLVIT centres; stresses that cooperation with associated partners has proven to be effective in the past inter alia due to their direct contact with citizens and enterprises; calls on the Commission, therefore, to ensure that the access of associated partners to SOLVIT is fully maintained;
33. Calls on the Commission to continue its efforts to offer citizens and businesses an integrated virtual package of information and help services, particularly by further developing the Your Europe portal as the single online gateway to all information and help; notes, however, the importance of direct human contact and in this regard suggests complementing these efforts with a single live point of contact for citizens and consumers via the Commission's representative offices in each Member State; takes the view that bringing liaison officers from SOLVIT, Your Europe Advice, the Enterprise Europe Network, European Consumer Centres and the European Employment Service together within the representative offices would meet this aim, as well as resulting in better coordination and cohesion;
34. Calls on the Commission and the Member States to take action to promote the Your Europe portal in national administrations and to develop cooperation between Your Europe and the websites of the national administrations;
35. Calls on the Commission to encourage Member States to further strengthen the points of single contact (PSC) and to provide citizens with information in a clear and practical way, by ensuring and taking full advantage of synergies in the area of information at European level, such as 'Your Europe Advice';
36. Calls on the Commission to report on the feasibility of providing Commission staff for the single live points of contact in each Member State; considers that this could be a solution to the staffing problems identified by SOLVIT in various national public administrations; calls on the Commission to consider the feasibility of giving SOLVIT a specific legal basis;
37. Calls on the Commission to ensure the setting-up of online Points of Single Contact via e-government portals in all Member States in the official language of the host country and in English; notes that the Points of Single Contact are key for the implementation of the Services Directive; regrets the fact that only one third of available online e-government portals provide access to online electronic procedures; calls on the Member States to provide user-friendly information in several EU languages regarding online administrative rules and procedures regarding the provision of services, in order to facilitate cross-border business in Europe;
38. Calls on SOLVIT, Your Europe Advice, the Enterprise Europe Network, European Consumer Centres and the European Employment Service to take note of the main concerns of citizens and businesses as articulated in the Commission Staff Working Paper 'The Single Market through the lens of the people: A snapshot of citizens' and businesses' 20 main concerns', and to prioritise their work accordingly;
39. Calls on the Commission to consider including the findings of Eurobarometer surveys in the Annual Governance Check-up as part of its evaluation in order to better inform

decision-making;

40. Notes the recent Commission publications on ‘The 20 main concerns’, which stemmed from the resolution of 20 May 2010¹; highlights the information, legislative and implementation gaps which persist within the Single Market, as well as the lack of knowledge among consumers and businesses with regard to their rights and obligations, which prevents them from reaping the benefits of the Single Market; undertakes, and calls on the Commission and Member States, to enhance communication with citizens on the rights they derive from the Single Market;
41. Calls on the Commission to report on the main internal market obstacles particular to citizens and consumers with a disability and to arrange for special efforts to be made to remove such obstacles;
42. Recommends further coordination between SOLVIT and the EU Pilot in order to achieve better coordination and exchange of good practices;
43. Notes the success of the first Single Market Forum as an opportunity to audit the progress of the Single Market and help citizens and businesses to familiarise themselves with their rights, entitlements and obligations within the single market; welcomes this event as an opportunity to further highlight the existing obstacles to the proper functioning of the single market; reiterates the importance of the Commission and the Member States taking action to eliminate these obstacles and to bring citizens’ and businesses’ concerns to the fore; calls on the Commission and the Member States to maintain this momentum and to continue to engage and empower stakeholders by conducting regular Single Market Forums, supplementing these with frequent visits to assess and promote the single market in the individual Member States;
44. Instructs its President to forward this resolution to the Council and the Commission.

¹ P7_TA(2010)0186 (Grech Report).

EXPLANATORY STATEMENT

Introduction

The European Union is currently undergoing the worst economic crisis since its inception. This crisis threatens the very basis of Europe's economy. The internal market is the best tool we have to restore growth to the Member States' economies.

We are currently at a time of historic milestones for the single market. 2011 saw the adoption of the Single Market Act and the organisation of the Single Market Forum in Krakow where the European Institutions, the Member States and the main stakeholders showed their commitment to a better functioning internal market. 2012 will mark the 20th anniversary of the single market. Let us take this as an opportunity to put our heads together and overcome the obstacles that are holding us back from realising the full potential of Europe's internal market. Citizens and businesses are the ultimate beneficiaries of a well-functioning and fully operative single market. And it is our duty as legislators to deliver on their behalf.

Several tools have been developed to further encourage completion of the single market and to measure the contributions of individual Member States towards this goal. The Internal Market Scoreboard is one such tool that encourages Member States to improve the quality and timeliness of their transposition of internal market directives. In the latest Internal Market Scoreboard the European Commission highlights that Malta has the best record on timely transposition of Single Market Directives while the Czech Republic is at the end of the list, albeit registering steady progress,

Delivering a single market for citizens and businesses does not stop at the creation of good legislation. It also entails adequate implementation and cross-border synergy between various national administrations. Without such implementation business and citizens are not able to enjoy the benefits of the single market. In this respect the Commission's SOLVIT network provides citizens and businesses with a timely and effective way of resolving problems caused by misapplication of single market rules.

From 2012 the European Commission will merge the Internal Market Scoreboard with the SOLVIT Annual Report to provide a more complete overview of the European Union's progress in completing the single market. As a result this report contains the views of your rapporteur on both these instruments.

Your rapporteur supports the efforts of the European Commission in this field, but also requests more determination in enforcement of European legislation and clearer reporting on infringement proceedings undertaken. A stronger commitment is also demanded from national institutions and administrations to ensure correct and timely transposition and implementation of internal market directives.

Building the regulatory framework of the internal market

Your rapporteur advocates for tougher, albeit realistic, transposition and implementation goals. The latest results of the Internal Market Scoreboard have shown how Member States are increasingly failing to deliver.

In the past we have seen positive trends which unfortunately were not reflected in the latest Internal Market Scoreboard. It is thus necessary to continue striving towards achieving and surpassing ambitious goals: the lowest transposition deficit, the shortest transposition delays possible, and the highest quality transposition. This has been achieved in the past and is possible to achieve in the future. But to achieve this Member States cannot put the internal market lower down in their priority lists. Hard times should be a signal for Member States to give the internal market more importance, and not to use hard times as an excuse to renege on their commitments towards a fully functioning internal market.

Your rapporteur is of the opinion that all instruments at the commission's disposal for the promotion of timely and high-quality transposition must be used in tandem with infringement proceedings. Your rapporteur welcomes the Commission's efforts towards a more holistic approach in this regard.

Delivering the internal market to businesses and citizens

The Commission has also devoted considerable effort towards providing fast and efficient information portals and problem resolution mechanisms to ensure that citizens and businesses are well-equipped to benefit from the single market and overcome obstacles such as the misapplication of European Union law.

SOLVIT, Your Europe Advice, Enterprise Europe Network, European Consumer Centres and the European Employment Service are some of the instruments in this regard.

While the importance of these mechanisms must be emphasised, many often exist in parallel resulting in a duplication of efforts and insufficient coordination. Moreover from the point of view of citizens and businesses the plethora of different and overlapping tools makes it a challenge to identify the appropriate tool for a specific concern. The fact that most of the claims received by SOLVIT are considered to be outside its mandate underlines this point. Your rapporteur encourages the Commission to coordinate all these initiatives taking a consumer-based approach: through a single live point of contact for citizens.

Member States are also called to make sure that SOLVIT centres have the resources needed to function properly. Understaffing has been a problem for many years; though the efforts of Member States have recently helped improve the situation, it is paramount to grant SOLVIT a suitable structure and sufficient staffing so the deadline for the resolution of cases may be respected. This will ensure that citizens and businesses can have their problems solved in an efficient and appropriate manner.

The possibility of a legal basis for SOLVIT will soon be discussed by the Commission. Your rapporteur supports the idea that a specific legal basis for SOLVIT should grant this programme the appropriate allocation of resources and would make its tasks easier to accomplish. This would undoubtedly benefit citizens and businesses.

However, your rapporteur warns against excessive formalisation that a legal basis for SOLVIT could entail in certain Member States. Your rapporteur is also concerned about potential problems of subsidiarity of this measure and calls on the Commission to pay special attention to the compliance with the subsidiarity principle.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.4.2012						
Result of final vote	<table style="width: 100%; border: none;"> <tr> <td style="width: 100px;">+:</td> <td style="text-align: right;">31</td> </tr> <tr> <td>-:</td> <td style="text-align: right;">0</td> </tr> <tr> <td>0:</td> <td style="text-align: right;">0</td> </tr> </table>	+:	31	-:	0	0:	0
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Members present for the final vote	Adam Bielan, Sergio Gaetano Cofferati, Lara Comi, Anna Maria Corazza Bildt, António Fernando Correia de Campos, Cornelis de Jong, Vicente Miguel Garcés Ramón, Evelyne Gebhardt, Małgorzata Handzlik, Sandra Kalniete, Toine Manders, Mitro Repo, Zuzana Roithová, Heide Rühle, Christel Schaldemose, Catherine Stihler, Róza Gräfin von Thun und Hohenstein, Barbara Weiler						
Substitute(s) present for the final vote	Raffaele Baldassarre, Simon Busuttil, Frank Engel, Ildikó Gáll-Pelcz, María Irigoyen Pérez, Morten Løkkegaard, Emma McClarkin, Sylvana Rapti, Olle Schmidt, Laurence J.A.J. Stassen, Ivo Strejček, Kyriacos Triantaphyllides, Anja Weisgerber						