REPORT

on Single Market governance within the European Semester 2015 (2014/2212(INI))

Committee on the Internal Market and Consumer Protection

Rapporteur: Ildikó Gáll-Pelecz
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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The European Parliament,

– 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 2 June 2014 entitled ‘2014 European Semester: Country-specific recommendations – Building Growth’ (COM(2014)0400),
– having regard to the report of 9 May 2010 by Mario Monti to the President of the European Commission entitled ‘A new strategy for the single market. At the service of Europe’s economy and society’,
– 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 Market\(^1\), 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 2014\(^2\), and to the Commission’s follow-up thereon adopted on 28 May 2014,

having regard to its resolution of 22 October 2014 on the European Semester for economic policy coordination: implementation of 2014 priorities\(^3\),

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 (A8-0018/2015),

A. whereas in the context of the mid-term review of the Europe 2020 strategy, the Single Market and the Digital Single Market (DSM) should be considered two key tools for reigniting economic growth and creating quality employment in the EU, at the same time as ensuring complementarity with the more traditional drivers of growth, such as boosting investment in RDI, training and education, while paying particular attention to the needs of SMEs;

B. whereas the Single Market strategy requires a holistic approach taking into account citizens’, consumers’ and SMEs’ concerns and projecting Single Market priorities into all policy areas, so as to ensure the completion of a viable Single Market serving as a catalyst for economic recovery and sustainable growth;

C. whereas there is a need to strengthen the governance of the Single Market within the European Semester as a horizontal priority of the Union’s different policies, preserving the necessary balance between the economic, social and environmental dimensions, and to improve the quality of the transposition, implementation and enforcement of the rules which govern the Single Market so that they function in both practical and economic terms, also significantly reducing the duration of infringement proceedings;

D. whereas a very positive process has been launched by the Single Market Governance within the European Semester and the corresponding country-specific recommendations (CSRs) for a more competitive Europe which generates quality jobs with an equitable growth better attracting investors;

E. 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;

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\(^1\) Texts adopted, P7_TA(2013)0054.


\(^3\) Texts adopted, P8_TA-PROV(2014)0038.
F. whereas the EU Single Market strategy needs to be approached with coherence and
determination and to be coordinated and based on a holistic approach and a pragmatic,
comprehensive and wide-reaching agreement supported by all Member States and the EU
institutions; whereas strong leadership, commitment and coordination on the part of all
EU institutions, especially from the Presidents of the Commission and Council, as well as
clear political ownership, cooperation and solidarity on the part of the Member States, are
still required in order to fully implement and enforce Single Market-related rules and
increase the credibility of and confidence in the Single Market and its management;

G. whereas while many tools, chiefly specific indicators, 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;

H. whereas maximum effort should be made not only to ensure clarity, simplicity,
operability and enforceability of legislation, but also to establish a predictable and stable
framework for the assessment of how the legislation in the Single Market area works in
practice;

I. whereas a well-functioning and effective Single Market, based on a sustainable and
highly innovative and competitive social market economy, is needed to boost sustainable
growth and competitiveness, to attract investment, to promote social cohesion and to
create jobs so as to revitalise the European economy; whereas a deeper and fairer Single
Market with a strengthened industrial base ranks high in the priorities of the Commission
Work Programme 2015; whereas the Member States and the EU should jointly draw up a
European industrial policy, building on the work already undertaken in this area in recent
years and focusing on strategic sectors, also with a view to achieving the objectives set in
the work programme; whereas the Single Market is also needed to allow the needs of the
citizens, consumers and business to be adequately taken into account and ensure that the
policies proposed can provide added value for European citizens and other actors;

J. 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, place
enhancement of the Single Market at the heart of the European industrial strategy, better
communicate its positive effects and allow citizens and businesses to fully benefit from it;

K. whereas the Member States have committed themselves to completing the internal energy
market by 2014 and to integrating the ‘energy islands’ into the internal energy market by
2015;

L. whereas a fully integrated internal energy market is indispensable for the Union’s overall
objectives of energy security and sustainability, and is of crucial value for its global
competitiveness, economic growth and the creation of new jobs, as recognised in the
Single Market Act II and the Europe 2020 strategy;

I. 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 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; believes that such an analytical tool could provide useful
input for the CSRs, the Annual Growth Survey (AGS), the European Council’s guidance
to Member States, and the national action plans aimed at implementing the Single Market
guidelines;

2. Highlights the importance and added value of the Single Market integration reports of previous years, given their contribution to the overall priorities set in the Commission’s Annual Growth Survey and the identification of CSRs in the context of the European semester; finds it therefore most deplorable that the Single Market Integration report has been omitted for 2015;

3. Further finds the omission of the Single Market integration report regrettable since it comes at a time when Parliament and the Commission have been engaging in developing specific indicators to assess internal market integration and all potential benefits of further targeted integration in key growth areas; calls, therefore, for the stepping-up of efforts to ensure better implementation and enforcement of the rules already in place;

4. Calls on the Commission to clarify the restructuring of the Annual Growth Survey 2015, and to explain why it failed to publish a contribution study on the current state of play of Single Market integration with regard to the key areas with greatest growth potential; asks the Commission to publish at least the data gathered on the Single Market in order to complement this year’s AGS;

5. Calls on the Commission to present, as early as possible in 2015, a report on the state of Single Market Integration so that such a report can set the course for the Single Market pillar of the European Semester 2015; stresses, however, that in the future the timing of the report will need to be reconsidered; is of the view that for maximum impact, also with regard to the CSRs, such a report should be published together with the AGS;

6. Urges the Commission to present a mandatory report every year aimed at monitoring the functioning of the Single Market within the European semester process and presenting an analysis of the state of Single Market integration in key areas with the greatest growth potential; calls on the Commission to identify policy priorities in the context of the AGS which would contribute to unlocking the Single Market’s full growth potential, and to removing the remaining obstacles to further integration;

7. Notes the support expressed in the Annual Growth Survey 2015 for an integrated Single Market which offers consumers the same possibilities as in their home markets, and emphasises that the rights given to consumers online should be no less than those offered in their own traditional markets;

8. Highlights the acknowledgement in the Annual Growth Survey 2015 that in order to increase competitiveness in Europe unduly burdensome regulation, particularly for SMEs, must be avoided, access to finance improved and the quality of investment in research and innovation ensured;

9. Notes the potential benefits offered by modernising administration as outlined in the AGS and how this may help remove red tape and regulatory obstacles, thus aiding businesses and citizens by boosting competition, jobs and growth in Europe;

10. Asks for a comprehensive overhaul 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; 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, while fully respecting the principles of subsidiarity and proportionality within the EU;
11. Calls on the Commission to take full account of the key growth and quality 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, the free movement of goods; also calls on the Commission to complete the Single Market in transport and energy;

12. 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, so as 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;

13. Calls on the Commission to introduce a methodology for quantitative targets for the reduction of administrative burdens at European level; notes the positive experiences in some Member States of setting net reduction targets with the aim of lowering compliance costs; asks that this methodology be considered in the Commission’s new initiative on reducing administrative burdens;

14. 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;

15. Reiterates its call for the procedures to provide for appropriate involvement of the European Parliament in the economic governance cycle, setting forth the adoption, by Parliament and by the Council, of other measures necessary to strengthen Single Market governance, in particular measures addressing the areas where the Union regulatory framework has been established in accordance with the ordinary legislative procedure laid down in Article 294 TFEU;

16. 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 and for the continuation of the specific measures that are necessary to strengthen the Single Market and exploit its potential with the aim of boosting smart, sustainable and inclusive growth and competitiveness and creating jobs, particularly for young people;

17. Believes that the ownership of the CSR by national parliaments needs to be strengthened; encourages the Member States to provide the possibility for the Commission to present the CSRs in the national parliaments before their adoption by the Council; calls, furthermore, on the Member States to demonstrate more commitment to the implementation of the CSRs and to rigorously transpose 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 on Single Market areas; reiterates, furthermore, its request that the Commission report to the competent committee of Parliament on the measures taken to ensure progress in the implementation of the CSRs and the progress achieved thus far; invites Member States to explain the
reasons for significant variations regarding the CSRs to the competent committee of Parliament;

18. Supports the emphasis placed in the CSRs for 2014 on the importance of removing unjustified restrictions and barriers to entry in the key sectors such as retail, e-commerce and business services; 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;

19. Requests that the forthcoming CSRs in the European Semester cycle should reflect the findings of the Single Market integration report in a much stronger and more stringent fashion than previously;

20. Regrets the fact that the Commission has so far not considered promoting the Single Market as a priority in the framework of the European Semester; calls on the Commission to make Single Market governance, in particular with regard to measures focused on jobs, growth and competitiveness, a vital part of all subsequent phases of the European Semester process; reminds the Commission that a genuine Single Market in these areas would significantly boost economic growth and job creation in the EU; calls for the opportunity provided by this new framework to be taken up and for the key growth areas and the measures included in the Single Market Acts I and II to be developed to the fullest extent possible, drawing attention to the need to take account of citizens’ concerns and expectations;

21. Stresses the need for an integrated approach by the EU, the Member States, the regions, municipalities, social partners and stakeholders in the implementation and development of policies in order to move the social market economy forward;

22. Calls on the Commission, the Member States and the regions to ensure the full implementation of EU funds for the period 2007-2013; notes the opportunity for Member States and the regions to shape their policies and investments in the period 2014-2020 towards sectors where more growth and jobs are generated, especially for young people, such as the Digital Single Market, energy, services and the green economy, while also investing in RDI on a genuine and quality-oriented basis so as to ensure access to network infrastructure for all citizens;

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

23. 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;

24. Recalls the three priorities set out in the Europe 2020 strategy:
   - developing an economy based on knowledge and innovation;
   - promoting a more resource-efficient, greener and more competitive economy;
   - fostering a high-employment economy delivering a high level of social and territorial cohesion;

25. Welcomes the new approach of the Commission in the AGS for 2015 of giving a coordinated boost to investment in the EU so as to increase domestic demand and foster a more competitive economy; strongly believes that, with a view to being as ambitious as possible, priority need to be given to investments encouraging the digital economy and to
the creation of a more competitive internal market in cooperation with Member States;

26. Is greatly concerned at falling levels of private investment in Europe and the lack of confidence of private investors, resulting in a reluctance to invest, in particular as a consequence of the lack of structural reforms, the lack of a pro-growth EU strategy, and the persisting barriers within the Single Market to growth in areas such as e-commerce; calls on the Member States to actively support the Investment Plan and to contribute to the European Fund for Strategic Investment, supplementing the amounts provided through the EU budget and by the EIB, in order to guide and encourage investment by the private sector;

27. Calls on the Commission, the Member States, the regions and all the relevant stakeholders to focus on the real economy in designing and developing investment policies which will attract private investment in return; calls, furthermore, for investment in training for both individuals and companies for the digital era, including in the latest technologies in the energy sector, since this produces a leverage effect, ensuring a global digital network, supporting education and quality R+I and resulting in solid progress in achieving a Single Market in the transport sector, thus allowing us to compete on an equal footing with the major world powers;

28. Calls on the Commission and the Member States to improve the regulatory framework for SMEs, given its job creation capacity; calls for maximisation of the opportunities presented by the COSME programme in terms not only of fostering entrepreneurship in Europe, but also of improving SMEs’ access to finance and to both EU and global markets;

29. Highlights the need to link investment with innovation and entrepreneurship, maximising the opportunities offered by the digital economy and society and developing a smart European industrial policy; notes that this investment should take particular account of SMEs, which face the most difficulties in accessing investment, and should include practical measures to support start-ups and social entrepreneurship and innovation as a source of jobs for the future for young people;

30. Stresses the need to reignite the entrepreneurial spirit in Europe through practical measures, which means ensuring easy access to credit for SMEs, particularly those linked to key sectors; also calls for other forms of financing to be promoted as an alternative to bank financing;

31. Calls on the Member States to be more decisive in gearing their economies towards innovation and growth, since this will prepare us for the tasks and demands of the future in the digital age; notes that this will also make our businesses more innovative and more able to react on the global market, particularly with the full integration of ICTs;

*Digital Single Market*

32. Takes the view that, as identified in the Annual Growth Survey 2015, 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; calls, therefore, on the Commission to draw up an ambitious European e-Government Action Plan 2016-2020 and thus continue supporting the Europe 2020 objectives;

33. Notes the importance of investment, including in broadband networks, in achieving
priority goals and objectives in the key area of the digital market; recommends devoting a substantial part of the future EUR 315 billion investment plan to targeted and strategic investments in the digital sector; points out further that the interlinking of elements such as high levels of network penetration and high levels of ICT skills in the population and businesses is a key factor in achieving a genuine Digital Single Market; appeals to the EU and the Member States to make digital network infrastructure and digital training for their businesses and citizens a priority for investment;

34. 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;

35. Notes that the completion of the Digital Single Market could generate additional GDP growth of 0.4 % (or EUR 520 billion at 2014 prices) over the period up to 2020, with employment gains in the range of 0.1 %, equivalent to creating more than 223 000 jobs by 2020, according to data included in the study ‘The Cost of Non-Europe in the Single Market’; believes that addressing barriers to e-commerce, investment in broadband infrastructure and the deployment of new technologies such as 4G and 5G is crucial for the development of digital solutions as they rely on fast and effective connections; 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; calls for investment to remedy unequal access to broadband and 4G networks in the EU;

36. Highlights the correlation between high levels of online sales and increases in per capita GDP, and therefore urges that progress be made in achieving genuine cross-border e-commerce and cloud computing; considers it essential to put an end to fragmentation into 28 digital markets, guarantee universal network access, and make net security and consumer trust the cornerstones of the DSM, since there can be no online market without trust;

37. Stresses that according to the ‘Cost of Non-Europe’ report, making progress on e-government could generate savings of EUR 100 billion per annum; calls for Member States’ efforts to modernise their public administrations to be concentrated and intensified so that citizens and businesses can carry out more and more procedures electronically while making use of their rights in the Single Market, particularly at cross-border level;

38. Underlines that there is a need for EU Single Market rules to be workable for the digital era, and that this entails implementation of Single Market rules for online payments, development of safe e-solutions Europe-wide (e.g. e-invoicing and digital signature), reform of intellectual property rights, and clarifying VAT requirements where appropriate, in order to generate trust in e-commerce, improve the quality of information provided to European consumers about their rights, and ensure that the same level of protection is available to consumers online as that which they are used to in their traditional markets;

39. Emphasises that the review of the recent economic governance framework is a great opportunity to urge Member States to step up their efforts towards the Digital Single Market, meaning not only more growth and jobs, especially in the SME sector and among young people, but also a future-oriented and modern European Union;

40. Believes that Member States have to step up their efforts to modernise their public
administrations, providing more and better accessible digital services for citizens and businesses, reducing costs and enhancing efficiency, facilitating cross-border cooperation, and implementing interoperability frameworks for public administrations;

41. Stresses the importance of electronic identification and trust services for increasing the volume and quality of electronic trade with a view to growth; calls, therefore, on the Member States to take all necessary measures to implement the regulation on electronic transactions in the internal market by 1 July 2016;

42. Considers improving digital skills in the Union to be an absolute priority;

*Free movement of goods*

43. 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;

44. Reiterates its support for comprehensive trade and investment agreements that would support and be compatible with the creation of jobs for European workers, directly benefit European consumers, and open up new opportunities for EU companies, in particular small and medium-sized enterprises (SMEs) respecting EU social, environmental and consumer standards as a key to providing new growth opportunities; expresses the view that Parliament must be closely involved in negotiations on the Single Market acquis and that any modification of existing legislation or introduction of new legislation must fully respect the role of Parliament as co-legislator;

45. Calls on the Member States to strengthen the value chain in cross-border production as a key factor for promoting competitiveness and growth, creating jobs and reducing existing trade barriers in sectors which are relatively extensive but are not sufficiently integrated to maximise the benefits offered by the Single Market;

46. Calls for increased monitoring of barriers in the Single Market for goods;

*Services*

47. Stresses that specific policy actions should be included in the Europe 2020 strategy, aiming at addressing barriers in the areas of the services sector covered by the Services Directive and in financial services, for example, and putting more explicit emphasis on the deepening of the Single Market;

48. Stresses that significant untapped growth potential exist in the services sector, as is clear from the estimates in the report ‘The Cost of Non-Europe in the Single Market’ referring to potential gains of between EUR 337 billion and EUR 637 billion;

49. Takes the view that, given that the services sector is one of the areas with the greatest growth potential in the EU, there is a need to strengthen measures aimed at improving competitiveness in the sector, including retail trade, and to simplify legislation for businesses, particularly SMEs; stresses the importance of guaranteeing universal access to public services for all consumers, families and businesses;

50. Considers that consumer protection, choice and competition in the area of financial services should be strengthened, paying particular attention to the different needs of consumers, including the most vulnerable ones; considers that consumers’ financial awareness capabilities should be raised, given the significant confusion that can arise regarding financial products and the problems this can cause to individual consumers and
the Single Market;

51. Reiterates the need for renewed efforts to combat fraud and tax avoidance and evasion, and therefore calls for more emphasis to be placed on good tax governance in both private and public sectors in the EU; stresses that the ‘Cost of Non-Europe’ report indicates that savings of EUR 9 billion per year could be generated through measures such as the standardisation of electronic invoices and coordination of cross-border tax systems; welcomes the Commission President’s announcement of an automatic exchange of information on national fiscal policy decisions; stresses the need to strengthen and improve tax coordination so as to prevent unfair competition and market distortions and ensure equal opportunities in the Single Market;

52. Welcomes the statement made by the Commission in its AGS report 2015 that ‘addressing tax fraud and tax evasion is essential to ensure fairness and allows Member States to collect the tax revenues due to them’;

53. Reaffirms its position that the overall level and quality of investment in research and development should be increased in order to stimulate innovation, highlighting the different levels of investment in the Member States; reminds the Commission of the need to create a genuine Single Market in knowledge, research and innovation and for the completion of the European Research Area; stresses that 85 % of the funds earmarked for innovation are currently used exclusively on a national basis, without cross-border cooperation, which makes it impossible to fully exploit added value on a European scale;

Public procurement and concessions

54. Welcomes the adoption in 2014 of the directives on public procurement procedures and the award of concession contracts, which modernised public procurement in the EU, promoting the sustainability of public contracts; emphasises the added value of the directive on the award of concession contracts, particularly in terms of facilitating the procedures and making them more transparent and of offering more opportunities for SMEs, thus making it possible to overcome the problems in these contracts, ensure legal certainty, flexibility and transparency, and support the development of economic infrastructure and high-quality public services;

55. Points out that the EU legislation on public procurement and concessions needs to be applied fully and speedily in order to improve the quality, effectiveness and transparency of investment and public spending;

56. Stresses the need for the proper and timely transposition of the legislation on public procurement and concessions; highlights the importance of public procurement and the value of innovation partnerships as a key driver of smart, sustainable and inclusive growth, particularly for SMEs, which need to be supported through specific measures that will foster competition and innovation;
**Consumer acquis**

57. 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 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;

58. Calls on the Commission to ensure the swift implementation and enforcement of legislation such as the Consumer Rights Directive and the provisions on Alternative Dispute Resolution and Online Dispute Resolution, while ensuring the reduction of administrative burdens; calls for consumers to be given adequate protection in line with their traditional market in cross-border sales and for enhanced data protection in the digital age, since this will help boost consumer trust in online purchases; points out the importance of effective enforcement of the rights of online consumers and the need for affordable and effective means of redress in the event of a dispute;

59. Calls for action to be taken to encourage sustainable consumption, particularly in relation to a product’s useful life, and to combat practices aimed at deliberately reducing that useful life; hopes in this regard that the Commission will draw up a coherent action plan;

60. Stresses that the Consumer Rights Directive marked an important step forward in terms of increasing legal certainty for consumers and businesses in online transactions, and today constitutes the main consumer protection instrument for online services;

61. Notes that further gains can be made from improvements to the functioning of the Single Market, such as putting in place the online dispute resolution (ODR) system for consumer disputes, which could generate savings in the region of EUR 22 billion;

**Energy**

62. Calls on the Commission to ensure a functioning internal market in energy with non-discriminatory market access and a high level of consumer protection, as well as adequate levels of interconnection capacity and system adequacy;

63. Reiterates the need to increase Europe’s energy security by diversification of sources and routes of energy, and stresses the need, as a priority, to complete the internal energy market and to end the isolation of energy islands inside the Union;

64. Considers that, in order to enhance the completion of the internal market, the integration of renewable energy sources and the security of supply, the Member States need to achieve a minimum target of 10 % of electricity interconnection capacity as a matter of urgency, and ideally to reach a level of 30 %;

65. Considers that the liberalisation of the gas and electricity markets is fundamental for empowering consumers, and calls on the Commission to put consumers at the centre of its EU internal energy market policy;

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

66. 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 can trigger improvements and catch-up processes among countries; stresses, however, that this scoreboard makes no provision for quality
assessment tools; stresses the importance of improving dialogue with and between Member States in order to identify and address the complexities they are experiencing in implementing the Single Market legislation; in this regard, calls on the Commission to better assist Member States, when they so request, with the implementation of complex Single Market legislation;

67. Considers, with respect to the regulatory performance of the Single Market, that a composite indicator could be developed to measure the ‘Single Market gap’, i.e. the additional burden borne by citizens and companies in cross-border activities because of the lack of rules governing the Single Market; insists that such an indicator should facilitate the development of conclusions which could result in policy recommendations for the EU institutions and Member States;

68. Takes account of the Digital Agenda Scoreboard as an important tool to evaluate the progress made by Member States in this field; believes that the composite index to measure the Single Market gap should incorporate that scoreboard;

69. Calls on the Commission to consider including in the body of its proposals for legal instruments in the Single Market area the obligation to carry out a systematic review of transposition, compliance, effectiveness and fitness for purpose of the legal instruments, including a methodology and criteria for such a review; believes that such methodology and criteria would allow for better assessment of whether the legal instruments are properly transposed, implemented and enforced, and also of whether and to what extent they contribute to attaining their objectives and how far they are fit for their purpose;

70. Supports the creation of a sustainable Single Market based on the development of an inclusive, resource-efficient, knowledge-based economy, including measures to further innovation of whatever kind in sustainable technologies, balance consumer and business interests, and make improvements in respect of an informal problem-solving mechanism for the Single Market such as SOLVIT, whilst also enhancing public knowledge of points of single contact so that the public can become more aware of the opportunities available to generate growth and jobs in the Single Market;

71. 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 living, working or studying in or moving between Member States in the EU;

72. 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 since the creation of the Single Market Scoreboard; stresses that the zero-tolerance principle as regards the transposition of EU regulations must be a fundamental rule for both the Member States and the Union;

73. Notes that proper implementation and enforcement of EU legislation is crucial for the completion of the Single Market; therefore calls on the Commission to make determined use of all its powers to reach this goal, and 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 inspection sweeps, while also continually reflecting on problems regarding implementation and making sure that legislation is more efficient and that ex post assessment is used more extensively and effectively; calls for
increased monitoring of the effectiveness of consumer rights in the digital environment, particularly given the speed with which breaches of consumer legislation can spread in that environment;

74. Recalls, however, that the infringement proceedings process has revealed a number of limitations as regards swiftly addressing and correcting the implementation and application deficiencies in Single Market provisions; calls on the Member States to work more effectively with the Commission in resolving cases more swiftly;

75. Recognises that a failure to implement can be the result of complexities in the initial drafting; therefore stresses the need for both primary and secondary legislation to follow better regulation principles throughout, employing proper consultation, impact assessments and post-implementation reviews;

76. Insists, furthermore, that every effort should be made to ensure the more effective use of infringement proceedings for breaches of Union law 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; takes the view, nevertheless, that infringement proceedings should always be the last resort and should be opened only after several attempts at coordination and rectification have been made;

77. 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

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.

**Untapped potential of the Single Market 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 the assessment of 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.
# RESULT OF FINAL VOTE IN COMMITTEE

<table>
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<tr>
<th>Date adopted</th>
<th>22.1.2015</th>
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<tbody>
<tr>
<td><strong>Result of final vote</strong></td>
<td></td>
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<tr>
<td>+:</td>
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<tr>
<td><strong>Members present for the final vote</strong></td>
<td>Dita Charanzová, Carlos Coelho, Anna Maria Corazza Bildt, Daniel Dalton, Nicola Danti, Dennis de Jong, Pascal Durand, Vicky Ford, Ildikó Gáll-Pelcz, Evelyne Gebhardt, Maria Grapini, Antanas Guoga, Sergio Gutiérrez Prieto, Eduard-Raul Hellvig, Robert Jarosław Iwaszkiewicz, Liisa Jaakonsaari, Philippe Juvin, Jiří Maštáčka, Eva Paunova, Jiří Pospišil, Marcus Pretzell, Robert Rochefort, Virginie Rozière, Christel Schaldemose, Andreas Schwab, Olga Sehnalová, Catherine Stihler, Róža Gräfin von Thun und Hohenstein, Mylène Troszczynski, Annelien Van Bossuyt, Marco Zullo</td>
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<tr>
<td><strong>Substitutes present for the final vote</strong></td>
<td>Lucy Anderson, Pascal Arimont, Othmar Karas, Emma McClarkin, Marc Tarabella</td>
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<tr>
<td><strong>Substitutes under Rule 200(2) present for the final vote</strong></td>
<td>Igor Šoltes, Ivan Štefanec</td>
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