



INDICATORS FOR MEASURING THE PERFORMANCE OF THE SINGLE MARKET

BUILDING THE SINGLE MARKET PILLAR OF THE EUROPEAN SEMESTER

Final Presentation

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IMCO Committee, September, 25th, 2014

OBJECTIVE OF THE PROJECT

1. Describe and evaluate the existing tools currently used for the evaluation of the functioning of the Single Market. Identify gaps.
2. Make recommendations for the definition of a measurement system relevant for Single Market integration.

What the measurement system does not:

1. Assessment of the cost of non-Europe
2. Assessment of the quality of the Single Market *acquis*
3. Assessment of the regulatory system of Member States

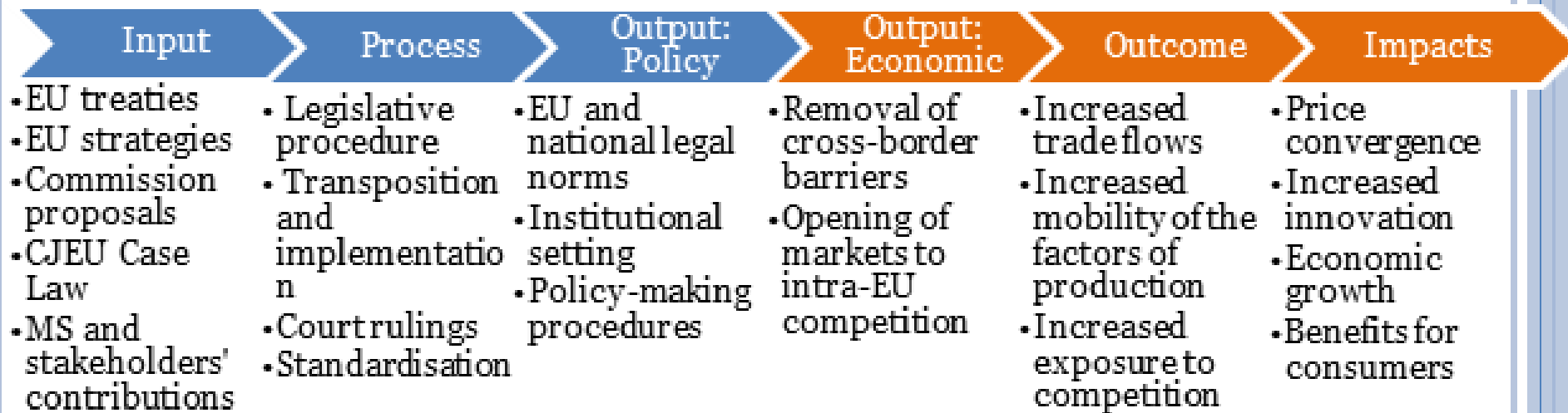
MAIN FINDINGS

There are room and possibilities to define an **integrated measurement system** of Single Market performance in view of the European semester.

- Combination of different methodologies: composite indicators, set of non-aggregated indicators, qualitative assessment
 - Qualitative in-depth assessment is necessary to understand causal links between policies and impacts, which could not result from indicators only
- Three pillars:
 - Economic indicators. There is no clear-cut monitoring and evaluation tool, hence a set of indicators should be used jointly, together with qualitative assessment
 - Regulatory indicators. They can be used to define EU-wide or country-specific policy recommendations
 - Sectoral indicators to highlight where the highest potential lies, in terms of economic growth or perceived benefits to citizens and business

A VIEW OF THE SINGLE MARKET

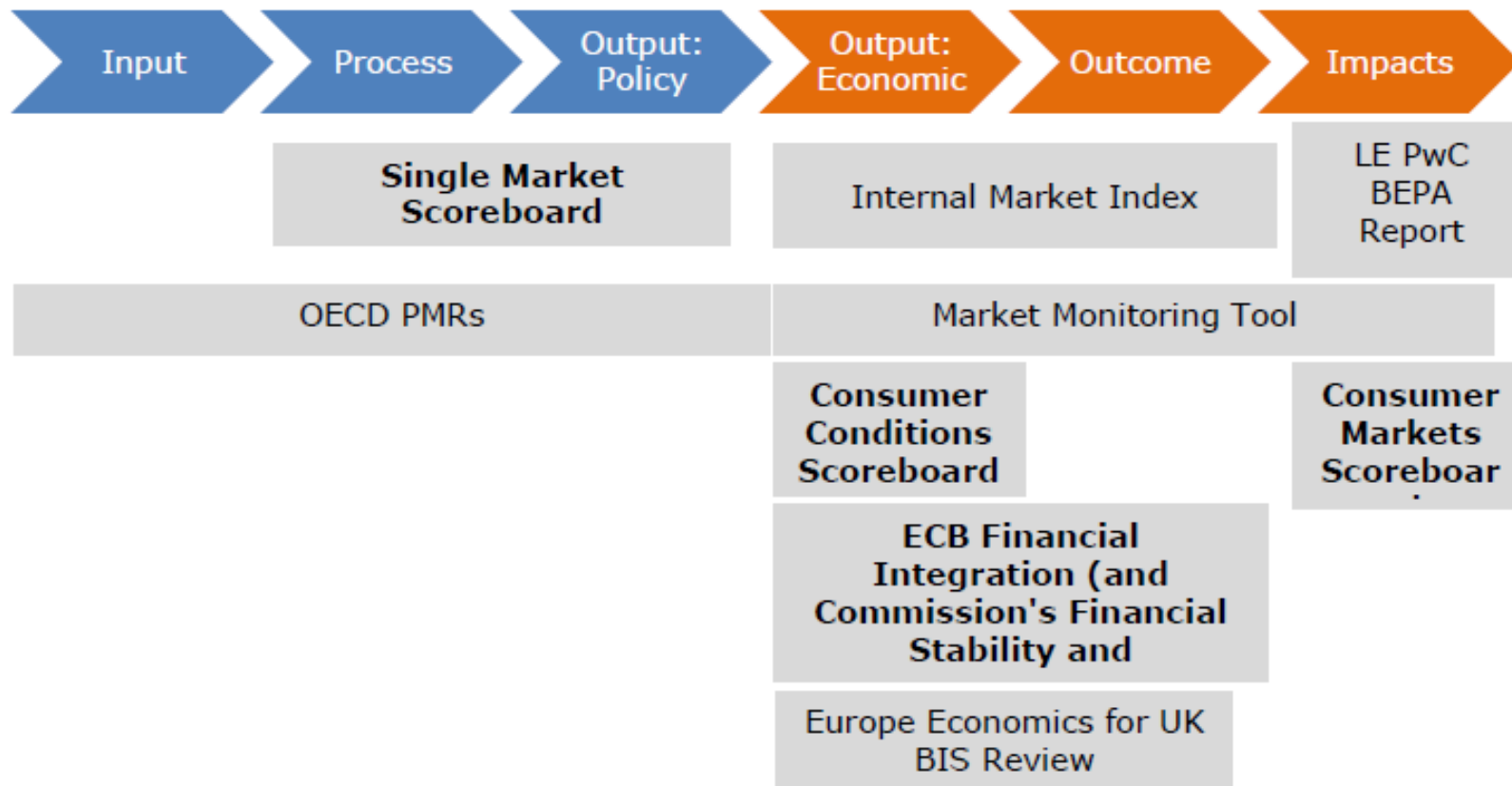
Single Market integrations is a **complex phenomenon**: a policy project, an *acquis* of legal rules and a set of economic relations. Any measurement system must properly address this challenge.



It could be considered appropriate to measure the regulatory (in blue) and economic (in red) elements through separate tools

EXISTING TOOLS

Existing tools cover different aspects of the Single Market performance. However, not all tools are fit for monitoring and evaluation purposes, that is to trigger policy recommendations. The Single Market Scoreboard is a best practice in this respect.



THE ROLE OF COMPOSITE INDICATORS

Composite indicators require taking discretionary choices. However, any measurement system, composite or not, also requires discretionary choices.

- Appropriate composite indicators need to be:
 - Transparent
 - Backed by solid theory
 - Based on the consensus of users and other stakeholders
- We advise against aggregating regulatory and economic aspects. However, composite indicators could be used within each of the two pillars.

INDICATORS OF REGULATORY PERFORMANCE

Attempts can be carried out towards creating an indicator of Single Market regulatory performance: the **Single Market Gap indicator**

- Based on World Bank's Doing Business methodology, but avoiding the underlying ideological debate
- Four key strengths:
 - Actionable, i.e. capable of triggering policy interventions
 - It covers both the 'laws in the book' and their impact as felt by EU citizens and companies
 - It focuses on policy outputs, thus complementing the Single Market Scoreboard
 - It measures the Single Market Gap, i.e. the performance of the Single Market in EU Member States, as opposed as to the quality of national legislation (perilous waters)

INDICATORS OF REGULATORY PERFORMANCE

Policy Area	National Procedure	Single Market Procedure
Free movement of persons	Registration of a national moving from another municipality	Registration of a citizen of another EU Member State moving from his/her origin country
Cross-border disputes	Execution of a repossession of goods by a national company towards a national company	Execution of a repossession of goods by a national company towards a company registered in another Member State
Vehicle Registration	Re-registration of a car originating from the same Member State	Re-registration of a car originating from another Member State
Consumer Protection	Obtaining redress from a service/good provider located in the same Member State	Obtaining redress from a service/good provider located in another Member State
Retail banking	Opening of a bank account by a national citizen/company	Opening of a bank account by a citizen/company of another EU member state
Public procurement	Participation to a public procurement procedure by an SME located in the same Member State	Participation to a public procurement procedure by an SME located in another Member State

INDICATORS OF REGULATORY PERFORMANCE

E.g. Car Registration:

- The Single Market Scoreboard may signal no issues on this policy area, as the problems are (mostly) not in the national legislation, but in its application
- A Doing-Business-like indicator would measure in what Member States and to what extent the “**Single Market Gap**” is larger, i.e. in what Member States and to what extent non-national EU citizens/companies face additional burdens compared to nationals.
- Each indicator can be aggregated in a composite ‘Ease of Single Market’ per each country.
- ‘Side-effect’ : this approach would also measure how efficient each Member State is in applying certain European acts (with regards to both nationals and other EU citizens/companies)

INDICATORS OF ECONOMIC PERFORMANCE

Many indicators of Single Market integration exist. Still, defining one or more economic indicators fit for triggering policy recommendations in view of the European semester is a genuine challenge.

- Economic theory is not consensual about the different impacts of Single Market integration
- Candidate variables, to be used jointly:
 - Price convergence (issue of data gathering)
 - Trade flows
 - Share of foreign workers
 - Interest rate convergence
 - Foreign Direct Investments
- They all capture different aspects of Single Market performance, but can hardly lead to country-specific recommendations. The casual link with policies require qualitative assessment, steered by the indicators output

SECTORAL INDICATORS

Sectoral indicators must be part of an integrated measurement system. However, it is not feasible to meaningfully cover all sectors and policy areas through a single monitoring tool.

- Sectoral indicators should be used to identify which economic sectors / policy areas are worth of specific attention by the institutions
- Importance of sectors / policy areas should be assessed upon two strands:
 - Economic significance
 - Regulatory barriers, as experienced by EU citizens and companies



**THANKS FOR YOUR
ATTENTION!**

