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## REPORT

on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Internal Market Strategy: Priorities 2003-2006  
(COM(2003) 238 – C5-0379/2003 – 2003/2149(INI))

Committee on Legal Affairs and the Internal Market

Rapporteur: Bill Miller



## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	5
OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY.....	11
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS .....	13
.....	

## PROCEDURAL PAGE

By letter of 8 May 2003 the Commission forwarded to Parliament on Internal Market Strategy (COM(2003) 238), which had been referred to the Committee on Legal Affairs and the Internal Market, the Committee on Economic and Monetary Affairs for information, the Committee on Employment and Social Affairs and the Committee on Industry, External Trade, Research and Energy.

At the sitting of 4 September 2003 the President of Parliament announced that the Committee on Legal Affairs and the Internal Market had been authorised to draw up an own-initiative report on the subject under Rules 47(2) and 163 and all the interested committees had been asked for their opinion (C5-0379/2003).

At the same sitting the President of Parliament announced that the Committee on Legal Affairs and the Internal Market and the Committee on Economic and Monetary Affairs would be involved in drawing up the report under Rule 162a.

The Committee on Legal Affairs and the Internal Market appointed Bill Miller rapporteur at its meeting of 11 September 2003.

The committee considered the draft report at its meetings of 6 October 2003, 2 December 2003, 21 January 2004, 18 and 19 February 2004.

At the last meeting it adopted the motion for a resolution by 16 votes to 10 with 1 abstention.

The following were present for the vote: Giuseppe Gargani (chairman), Willi Rothley (vice-chairman), Ioannis Koukiadis (vice-chairman), Bill Miller (vice-chairman and rapporteur), Paolo Bartolozzi, Maria Berger, Janelly Fourtou, Marie-Françoise Garaud, Evelyne Gebhardt, José María Gil-Robles Gil-Delgado, Malcolm Harbour, Lord Inglewood, Hans Karlsson (for Fiorella Ghilardotti), Carlos Lage (for Carlos Candal pursuant to Rule 153(2)), Kurt Lechner, Klaus-Heiner Lehne, Toine Manders, Helmuth Markov (for Alain Krivine pursuant to Rule 153(2)), Arlene McCarthy, Manuel Medina Ortega, Angelika Niebler (for Bert Doorn), Anne-Marie Schaffner, Astrid Thors (for Diana Wallis), Marianne L.P. Thyssen, Ian Twinn (for Rainer Wieland), Joachim Wuermeling and Stefano Zappalà.

The opinions of the Committee on Industry, External Trade, Research and Energy and the Committee on Employment and Social Affairs are attached. The Committee on Economic and Monetary Affairs decided on 2 December 2003 not to deliver an opinion.

The report was tabled on 25 February 2004.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the Internal Market Strategy - Priorities 2003-2006  
(COM(2003) 238 – C5-0379/2003 – 2003/2149(INI))**

*The European Parliament,*

- having regard to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Internal Market Strategy - Priorities 2003-2006 (COM(2003) 238) – C5-0379/2003,
  - having regard to the Report from the Commission to the Council, the European Parliament and the European Economic and Social Committee on the operation of Directive 98/34/EC from 1999 to 2001 (COM(2003) 200),
  - having regard to the Commission Staff Working Paper on the Internal Market Scoreboard (SEC(2003) 224),
  - having regard to its resolution of 13 February 2003 on the 2002 Review of the Internal Market Strategy - Delivering the Promise<sup>1</sup>,
  - having regard to the opinion of the European Economic and Social Committee (CES 932/2003),
  - having regard to Article 14 of the Treaty,
  - having regard to Rules 47(2) and 163 of its Rules of Procedure,
  - having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinions of the Committee on Employment and Social Affairs and the Committee on Industry, External Trade, Research and Energy (A5-0116/2004),
- A. Whereas the need to take account of people with disabilities in the development of Internal Market legislation is enshrined in Declaration 22 annexed to the Amsterdam Treaty, and an increasing amount of legislation and regulations at national and European level establish accessibility and design for all requirements; whereas there is need for a coordinated and structured approach in this area,
- B. whereas the Lisbon European Council held out the promise of achieving the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion; and as the aims and objectives were drawn up in 2000, it is time to reflect on the progress made and whether there is a need to update and reassess these aims and objectives,
- C. whereas the completion of the Internal Market has been highlighted by the European Council as a priority to achieve the Lisbon goals,

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<sup>1</sup> P5\_TA(2003)0058.

- D. whereas the achievement of the Lisbon goals also requires an acceleration of the process of structural reform for competitiveness and innovation, and modernisation of the European social model, including investment in people and combating social exclusion,
  - E. whereas the completion of the Internal Market will clearly be a major factor that will help the Union to achieve the conditions for full employment,
  - F. whereas the existing Internal Market programme, in its first 10 years, is estimated by the Commission to have delivered 2.5 million extra jobs and nearly €900 billion in extra wealth; whereas the 2003-2006 action programme promises continued benefits in jobs and wealth creation, provided that flanking measures in social and employment policies are carried through,
  - G. whereas the Internal Market Action Plan must be buttressed by the European Employment Strategy for structural reform in labour markets, which is an essential basis for the creation of more and better jobs and must involve the social partners - in plain English employers and trade unions,
  - H. whereas, by the Commission's own admission, the slow pace of liberalisation and structural reform is sapping the EU's global competitiveness since intra-EC trade is stagnating, price convergence is coming to a halt and foreign direct investment is falling off,
1. Strongly endorses the Internal Market Strategy priorities 2003-2006, as set out by the Commission; commends the proposed policy framework as being balanced and achievable; endorses the focus on strengthening the 'fundamentals' of the Internal Market;
  2. Is pleased to note that many of the suggestions made in Parliament's last report on the Internal Market Strategy have been reflected in this Strategy;
  3. Endorses the high priority given by the Commission to strengthening the "basics" of the Internal Market, and strongly supports the package of actions that address the failure by Member States to transpose and enforce many Internal Market directives; welcomes new ventures such as the SOLVIT project.
  4. Supports the Commission's view that Mutual Recognition is the corner stone of the Internal Market, and agrees that actions are needed to improve transparency in cases where mutual recognition is disputed; considers that a new regulation to establish key principles could play a significant role in dealing with the frustrations expressed by many companies, particularly SMEs.
  5. Considers that the development of "New Approach" directives has been a major success in the evolution of the internal market; supports reforms to improve consistency, implementation, certification and surveillance procedures;
  6. Underlines the need for consistent and correct application of the CE mark, so that it can provide consumers with security in their purchase decisions; asks the Commission to intensify co-operation between Member States against fraudulent use;
  7. Calls on the Member States to give their strong support to the work of the Competitiveness Council in reviewing the barriers to improved competitiveness, and to place the completion of the Internal Market at the centre of their work;
  8. Warmly welcomes the Commission's wide-ranging proposal to create an Internal Market

for services; calls on Member States to commence the work needed to remove cross-border barriers to trade in services ahead of the formal approval of the relevant directive in the next Parliament;

9. Stresses that the social dimension in the Internal Market strategy should be developed with the idea that it should reinforce rather than hamper the effective and efficient working of the Internal Market; considers that, in turn, the Internal Market should enforce the social dimension by creating more and better jobs, wealth and social cohesion;
10. Notes that market opening in the network industries has delivered major benefits for consumers and businesses, by increased competition, more choice, higher technological innovation and lower prices; welcomes the proposals to continue liberalisation and the opening of markets in other sectors (notably water and postal services) while always respecting universal service obligations;
11. Welcomes the continuation of the benchmarking of liberalised services; calls on the Commission to ensure that the benchmarking exercises are based on a broad set of criteria, including regarding protection of different groups of consumers, concentration of market power, direct and indirect impact on employment and the environment; calls on the Commission actively to consult with relevant social and environmental organisations, consumer groups and the social partners through the EU sectoral committees existing in areas such as telecommunications, postal services, electricity and branches of transport, when developing its benchmarks;
12. Believes that peer-to-peer pressure, policy competition and benchmarking are effective instruments for the further completion of the Internal Market and for enhancing the EU's competitiveness in the global market place;
13. Adds that the continuing failure by Member States to live up to their Internal Market obligations compounds the present economic difficulties and makes for disillusionment with the European Union among business people and citizens;
14. Strongly criticises the Member States for allowing the transposition deficit to rise again, considers that "naming and shaming" via the Internal Market Scoreboard has proved to be insufficient and calls on the Commission to come up with new plans for dealing with infringements expeditiously and effectively in particular through a more systematic approach to the imposition of fines on Member States in breach of their obligations and the introduction of a fast-track procedure in the Court of First Instance;
15. Encourages Member States to cut Internal Market infringements by at least 50% by 2006; welcomes proposals to improve the consistency and speed of transposition of internal market measures; recommends the deeper engagement of Member State parliaments to address the problems of "gold plating";
16. Points out that Member States which transpose Community legislation late and act in breach of Community rules cause economic harm to the other Member States, thereby damaging employment prospects; urges the Commission to develop more compelling instruments which apply greater and earlier penalties to Member States that transgress in this regard;
17. Notes that inconsistent national legislation, together with failure to respect the principle of mutual recognition, poses a major problem to the supply of goods and services across frontiers; calls for Member States to show an increased readiness to partake in administrative cooperation in order to alleviate this problem;

18. Expresses in this regard the strongest possible support for the SOLVIT programme, but deplores Member States' failure to provide adequate resources for this useful tool;
19. With the recent approval by Parliament of the public procurement package, re-emphasises the importance of introducing these reforms without delay so that the benefits of more efficient and effective procurement can benefit citizens by lowering the costs of public service provision;
20. Calls on the European Commission to develop implementing guidelines and tools on the new public procurement rules, in particular as regards the integration of social and environmental considerations;
21. Calls on the Member States, present and future, to make the utmost efforts to bridge the information deficit so as to allow all citizens of the Union to obtain adequate information with a view to enabling them to reap the full benefits of the Internal Market, particularly by encouraging assistance for young workers in finding durable employment;
22. Notes that Internal Market completion is a shared responsibility between Member States, the Commission and Parliament; calls upon Member States to give Internal Market issues a higher priority in their national political debates and decisions; considers that all Member States should have a clearly identified "Internal Market Office" as a focal point for all their internal market activities.
23. Emphasises the importance of extending the benefits of the Internal Market to the accession countries; notes that there are potential dangers of market fragmentation unless Internal Market provisions are quickly enacted; welcomes the proposals to provide support for accession countries in transposing and operating the Internal Market acquis;
24. Approves the Commission's insistence on administrative cooperation between existing and new Member States and urges the Commission and Member States, existing and new, to step up this cooperation to ensure full and consistent implementation of the Internal Market;
25. Calls for coordination and cooperation also within the Commission ensuring that other Directorates-General (DGs) concerned are involved and that social, environmental and consumer protection are integrated in DG Internal Market proposals;
26. Welcomes the emphasis on the need to train civil servants in the implementation and monitoring of Internal Market rules;
27. Believes that Parliament, the Commission and the Member States, in partnership with consumers, employees' and business organisations and the trade unions, should work together to promote the benefits of the Internal Market and encourage enterprises to take advantages of the opportunities it affords;
28. Welcomes the European Commission proposals in the field of standardisation and mutual recognition, and calls on the European Commission, in cooperation with standardisation bodies and relevant stakeholders, to develop common standards for the integration of design-for-all requirements that facilitate accessibility for people with disabilities in product design;
29. Urges the Commission to conduct an inquiry into the gold-plating of Community legislation, the imposition of unnecessary bureaucracy and red-tape and the costs of the non-application of mutual recognition and requirements for local testing and certification; emphasises that European impact assessment could play an important part in cutting back



the administrative burdens created by European regulation;

30. Calls on the Commission to evaluate the impact of PPPs on the democratic accountability of public authorities for providing public services, and the long-term viability of PPPs ; to assess the social consequences for workers and users, and to consult with relevant societal organisations, including the social partners, through the inter-sectoral and sectoral social dialogue structures;
31. Welcomes the focus given to improving the climate for business, particularly in the area of regulatory reform; welcomes the intention of the Commission to adopt the Parliament's proposal for an Internal Market 'compatibility test'; endorses the new proposals to develop indicators to measure progress towards a higher quality regulatory framework;
32. Reiterates its call for the Commission to step up its work to simplify the burdensome VAT system and to ensure that the real impact on business, in particular on SMEs, is more thoroughly evaluated when new legislation is proposed;
33. Stresses that deregulation and reduction of the administrative burden of Community legislation and a sharp cost-benefit analysis of legislation is a key condition in meeting the Lisbon objectives; notes that the assessment of the impact of EU legislation for business, and of economic aspects of subsidiarity and proportionality, is currently unsatisfactory; asks the Commission to establish an independent advisory group to assess the business impact of EU regulation;
34. Underlines the need to create a better legal framework for intellectual property rights in the Internal Market; is concerned that the Community patent is still not operational and that there are continued uncertainties for investors developing digital devices; looks forward to the planned communication on the Management of Copyright and Related Rights; draws the attention of the Commission to Parliament's recent report on this topic;
35. Welcomes the Commission's intention to raise the profile of the Internal Market internationally and to conclude partnership, cooperation and association agreements with other countries; notes the importance of very close collaboration with the USA, particularly in the fields of financial markets, corporate governance, data protection and intellectual property, but recognises the importance of promoting the European social model as part of raising the international profile of the Internal Market;
36. Is concerned by the lack of knowledge of Internal Market rights displayed by citizens and businesses, as revealed by Internal Market surveys; requests the Commission to intensify its efforts to promote the Internal Market, and to work closely with business organisations, especially those representing SMEs;
37. Points out that inconsistent data protection laws and data transfer restrictions remain a major obstacle to internal market development; calls on the Commission and Member States to expedite agreement on a model contract for data transfer and transposition of the Data Protection Directive;
38. Notes that from the four freedoms of the Internal Market the free movement of workers is the least developed and that ambition is lacking with respect to increasing labour mobility in the enlarged EU under good quality conditions, although this is a key answer to the ageing of the European population;
39. Urges the Commission to reinforce the EURES networks, to organise them into a real cross-border employment service, to promote a clear link with the accessible and quickly

operating problem solving mechanism SOLVIT for citizens and companies, and stimulate SOLVIT's activities in the field of the problems of cross-border labour mobility (e.g. in qualifications or social security);

40. Agrees that the full and timely implementation of the Pension Funds Directive is highly desirable, given that the enabling of multi-national companies to run single EU-wide pension funds will facilitate mobility of workers across borders, thereby strengthening a significant part of the social dimension;
41. Instructs its President to forward this resolution to the Council and Commission, and the governments of the Member States.

20 January 2004

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Legal Affairs and the Internal Market

on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. Internal Market Strategy. Priorities 2003 - 2006  
(COM(2003) 238 – C5–0379/2003 – 2003/2149(INI))

Draftsman: Malcolm Harbour

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Malcolm Harbour draftsman at its meeting of 10 July 2003.

It considered the draft opinion at its meetings of 1 December 2003 and 20 January 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Luis Berenguer Fuster, chairman, Peter Michael Mombaur, vice-chairman, Jaime Valdivielso de Cué, vice-chairman, Malcolm Harbour, draftsman, María del Pilar Ayuso González (for Godelieve Quisthoudt-Rowohl), Guido Bodrato, Felipe Camisón Asensio (for Sir Robert Atkins), Gérard Caudron, Giles Bryan Chichester, Willy C.E.H. De Clercq, Concepció Ferrer, Francesco Fiori (for Dominique Vlasto), Norbert Glante, Michel Hansenne, Roger Helmer (for Umberto Scapagnini), Bernd Lange (for Massimo Carraro), Eryl Margaret McNally, Hans-Peter Martin (for Gary Titley), Marjo Matikainen-Kallström, Ana Miranda de Lage, Elizabeth Montfort, Angelika Niebler, Reino Paasilinna, Paolo Pastorelli, John Purvis, Bernhard Rapkay (for Erika Mann), Christian Foldberg Røvsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Alejo Vidal-Quadras Roca, Myrsini Zorba.

## SUGGESTIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Endorses the high priority given by the Commission to strengthening the "basics" of the Internal Market, and strongly supports the package of actions that address the failure by Member States to transpose and enforce many Internal Market directives; welcomes new ventures such as the SOLVIT project.
2. Supports the Commission's view that Mutual Recognition is the corner stone of the Internal Market, and agrees that actions are needed to improve transparency in cases where mutual recognition is disputed; considers that a new regulation to establish key principles could play a significant role in dealing with the frustrations expressed by many companies, particularly SMEs.
3. Considers that the development of "New Approach" directives has been a major success in the evolution of the internal market; supports reforms to improve consistency, implementation, certification and surveillance procedures;
4. Underlines the need for consistent and correct application of the CE mark, so that it can provide consumers with security in their purchase decisions; asks the Commission to intensify co-operation between Member States against fraudulent use.
5. Encourages Member States to cut Internal Market infringements by at least 50% by 2006; welcomes proposals to improve the consistency and speed of transposition of internal market measures; recommends the deeper engagement of Member State parliaments to address the problems of "gold plating".
6. Is concerned by the lack of knowledge of internal market rights displayed by citizens and businesses, as revealed by Internal Market surveys; requests the Commission to intensify its efforts to promote the Internal Market, and to work closely with business organisations, especially those representing SMEs.
7. Points out that inconsistent data protection laws and data transfer restrictions remain a major obstacle to internal market development; calls on the Commission and Member States to expedite agreement on a model contract for data transfer and transposition of the Data Protection Directive.
8. Notes that Internal Market completion is a shared responsibility between Member States, the Commission and Parliament; calls upon Member States to give Internal Market issues a higher priority in their national political debates and decisions; considers that all Member States should have a clearly identified "Internal Market Office" as a focal point for all their internal market activities.

27 November 2003

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

for the Committee on Legal Affairs and the Internal Market

on the Communication from the Commission on the Internal Market Strategy - Priorities  
2003-2006  
(COM(2003) 238 – C5-0379/2003 – 2003/2149(INI))

Draftsperson: Ieke van den Burg

### **PROCEDURE**

The Committee on Employment and Social Affairs appointed Ieke van den Burg draftsperson at its meeting of 9 July 2003.

It considered the draft opinion at its meetings of 3 November 2003 and 27 November 2003.

At the latter meeting it adopted the following suggestions by 19 votes to 14, with 2 abstentions.

The following were present for the vote: Theodorus J.J. Bouwman, chairperson; Marie-Hélène Gillig and Marie-Thérèse Hermange, vice-chairpersons; Ieke van den Burg, draftsperson; Jan Andersson, Elspeth Attwooll, Regina Bastos, Johanna L.A. Boogerd-Quaak (for Anne André-Léonard), André Brie (for Arlette Laguiller), Hans Udo Bullmann (for Enrico Boselli), Philip Bushill-Matthews, Chantal Cauquil (for Herman Schmid, pursuant to Rule 153(2)), Proinsias De Rossa, Harald Ettl, Carlo Fatuzzo, Ilda Figueiredo, Fiorella Ghilardotti (for Alejandro Cercas), Anne-Karin Glase, Roger Helmer, Richard Howitt (for Elisa Maria Damião), Stephen Hughes, Anne Elisabet Jensen (for Marco Formentini), Jean Lambert, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Claude Moraes, Bartho Pronk, Lennart Sacrédeus, Elisabeth Schroedter (for Jillian Evans), Peter William Skinner (for Karin Jöns), Miet Smet, Helle Thorning-Schmidt, Anne E.M. Van Lancker and Barbara Weiler.

## SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Commission recognition that a fresh impetus is required to allow the Internal Market to deliver its full potential in terms of competitiveness, growth and employment; agrees that improved competitiveness should lead to more economic growth and employment, and more social cohesion; shares the view that the Internal Market Strategy should be closely linked to the Economic and Employment Guidelines, but stresses that the comprehensive objectives of the Lisbon strategy also focus on full employment and social cohesion targets in relation to competitiveness;
2. Regrets the lack of attention for this social dimension in the Internal Market Strategy, and reiterates the warnings in the Cecchini Report back in 1988, that a common internal market that would impact a reversal of social progress and harm fundamental workers' rights, would be counterproductive;
3. Stresses that DG Market and the Competitiveness Council should not claim to have an absolute supervising authority, but has to cooperate with other Directorates and Council formations, and take into account the interests and advices of consumer organisations and social partners as much as those from the business world;
4. Notes that from the four freedoms of the internal market the free movement of workers is the least developed and that ambition is lacking with respect to increasing labour mobility in the enlarged EU under good quality conditions, although this is a key answer to the ageing of the European population;
5. Urges the Commission to reinforce the EURES networks, to organise them into a real cross border employment service, to promote a clear link with the accessible and quickly operating problem solving mechanism SOLVIT for citizens and companies, and stimulate SOLVIT's activities in the field of the problems of cross border labour mobility (e.g. in qualifications or social security);
6. Asks the Commission to initiate an in-depth study into models for convergence in labour law, social security and tax systems that go beyond the restricted coordination approach (1408/71), such as establishing a special basic social security regime and a European statute for mobile workers;
7. Agrees that the full and timely implementation of the Pension Funds Directive is highly desirable, given that the enabling of multi-national companies to run single EU-wide pension funds will facilitate mobility of workers across borders, thereby strengthening a significant part of the social dimension;
8. Stresses the importance of a framework directive on services of general economic interest to balance public interest with internal market and competition rules, covering all sectors including social security, pensions and health care provision as far as private undertakings play a role;

9. Warns against a purely individual approach of e.g. patient mobility, or pension provision, based on the internal market freedoms; European framework regulation is necessary to provide guarantees linked with the collective character of social security, pension and healthcare systems, that provide for solidarity financing and risk sharing;
10. Recommends the Commission to focus first on consolidating and critically following up the results of liberalisation of network industries, instead of pushing for new action in e.g. the field of water;
11. Asks the Commission to consult social partners, consumer organisations, local and regional authorities and NGO's in different fields, on the proposed Internal Market Strategy, as soon as possible, before taking further steps in the direction indicated in the Commission's document on the Internal Market Strategy.