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REPORT

on the Single Market Review: tackling barriers and inefficiencies through
better implementation and enforcement
(2007/2024(INI))

Committee on the Internal Market and Consumer Protection

Rapporteur: Jacques Toubon

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Single Market review: tackling barriers and inefficiencies through better implementation and enforcement (2007/2024(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 entitled 'A Single Market for citizens – Interim report to the 2007 Spring European Council' (COM(2007)0060),
- having regard to the Communication from the Commission to the Council entitled 'A citizen's agenda – delivering results for Europe' (COM(2006)0211),
- having regard to the Communication from the Commission to the Spring European Council entitled 'Implementing the renewed Lisbon Strategy for Growth and Jobs – "A year of delivery"' (COM(2006)0816),
- 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 entitled 'Annual Policy Strategy for 2008' (COM(2007)0065),
- having regard to the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee entitled 'The Internal Market for Goods: a cornerstone of Europe's competitiveness' (COM(2007)0035),
- having regard to the Green Paper on the Review of the Consumer Acquis presented by the Commission (COM(2006)0744),
- 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 entitled 'A strategic review of Better Regulation in the European Union' (COM(2006)0689),
- having regard to the Presidency Conclusions of the Brussels European Council, held on 8 and 9 March 2007,
- having regard to its resolution of 14 March 2007 on social services of general interest in the European Union¹,
- having regard to its resolution of 23 May 2007 on the impact and consequences of the exclusion of health services from the Directive on services in the internal market²,
- having regard to the final declaration of the 4th European Conference on Craft and Small Enterprises, held in Stuttgart on 16 and 17 April 2007,

¹ Texts adopted, P6_TA(2007)0070.

² Texts adopted, P6_TA(2007)0201.

- having regard to the Berlin declaration of 25 March 2007,
 - having regard to the Commission's Economic Paper No 271 'Steps towards a deeper economic integration: the Internal Market in the 21st century – A contribution to the Single Market Review',
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on the Internal Market and Consumer Protection and the opinion of the Committee on Economic and Monetary Affairs (A6-0295/2007),
- A. whereas the Single Market has been a major achievement without precedent in the European context, delivering wider choice and lower prices to consumers, creating a competitive and dynamic environment for business and enabling ideas and experience to be exchanged among European cultures,
- B. whereas the Lisbon Strategy has highlighted the objective of social cohesion and given a greater role to the social dimension in the EU's sector-specific policies,
- C. whereas the Single Market and its four building blocks – the free movement of goods, services, people and capital – have been a decisive step forward in European integration,
- D. whereas the establishment of the Single Market in 1992 was based on following three principles:
- competition: enabling the Single Market to be completed on the basis of social market economy rules, backed up by a right to benefit from competition, which is an essential democratic right designed to curb the abuse of economic power and not just to limit the powers of public authorities;
 - cooperation: enabling cross-border and EU-wide ambitions set out in the Treaties and in Community programmes to be realised; and
 - solidarity: uniting the different parties and pursuing the objectives of social, economic and territorial cohesion,
- E. whereas the Lisbon Strategy will lead to structural reforms in Member States and to the opening of markets, but will also increase the need for rules on fair competition,
- F. whereas the adoption of Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market¹ has made possible significant progress towards completing the Single Market in services;
- G. whereas the euro has brought transparency, efficiency and ease of access to the Single Market,

¹ OJ L 376, 27.12.2006, p. 36.

- H. whereas there are still overt and hidden protectionist attitudes in Member States' administrations,
- I. whereas there are still many barriers to the implementation of the four fundamental freedoms; whereas it is essential to improve the functioning of the Single Market and to concentrate efforts on the achievement of a barrier-free Single Market,
- J. whereas there is a need to work towards implementing a dynamic, global and flexible approach to the Single Market in order to gain the support of fellow-citizens,
- K. whereas there is a need to complete the opening of network industries, such as transport, telecommunications, postal services and energy transmission, which are, by definition, intended to connect businesses and private individuals; whereas, in terms of their development and opening, they are therefore the best means of completing the Single Market as part of a responsible market economy,
- L. whereas the European Union has in recent years adopted various legislative measures aimed at enhancing the Single Market in financial services, such as bank services, asset management, insurance, pension funds, and accounting, which have brought benefits both for business and consumers, and made the EU a global leader, trend-setter and standard-setter in the financial services industry,
- M. whereas although good progress has been made towards completing the Single Market in wholesale financial services, there is as yet very little evidence of this translating to any significant extent at the retail level, often due to the cultural and traditional preferences of citizens, but also due to legal and tax barriers,
- N. whereas the Commission has an important responsibility in enforcing compliance with the competition rules in order to ensure a fair and level playing field for EU enterprises and the full achievement of Single Market benefits for EU consumers,
- O. whereas the Commission can still play a useful role in certain aspects of tax policy, which will further the achievement of a real Single Market, even if Member States jealously guard their prerogatives over tax issues,
- P. whereas there is a need to reduce the administrative burden on businesses, in particular on SMEs,
- Q. whereas the EU suffers from a lack of innovation in comparison to its main competitors,
- R. whereas the Single Market is the most efficient tool to address the challenges of globalisation by enabling the European economy to be more competitive and dynamic,
- S. whereas the Commission must take full account of EU enlargement when implementing its policies, in particular the Internal Market policy, and of their impact in the new Member States, as well as of new developments such as social and technological developments;

- T. whereas enlargement, which has increased the opportunities to be gained from the Single Market, has also presented a challenge to its proper functioning by increasing heterogeneity among its members; whereas heterogeneity in the field of corporate taxation constitutes a possible source of tension between Member States,
1. Welcomes the Commission's active role and forward-looking vision for the Single Market and its work on the review of the Single Market, and highlights the importance of including all stakeholders in that process;
 2. Wishes the Single Market review to be the occasion for demonstrating to the European public all the benefits that they can gain from the completion of the Single Market; calls on the Commission and the Member States to close the gap between the potential and the reality of the Single Market;
 3. Stresses the importance of ensuring that all members of the public benefit from the Single Market; takes the view that some vulnerable groups do not have full access to it, and points out that Declaration No 22 annexed to the final act of Amsterdam provides that the institutions of the Community shall take account of the needs of persons with a disability in drawing up measures under Article 95 of the Treaty;
 4. Hopes that working relations with national parliaments may be strengthened so that the issues and benefits of the Single Market become clearer to the representatives of citizens in the Member States; highlights in this regard the constructive dialogue between the national parliaments and the European Parliament through annual meetings on the Lisbon Agenda as a good example of cooperation which could be built upon in the future;
 5. Stresses the overriding need to put into effect the content of the final declaration of the 4th European Conference on Craft and Small Enterprises, given the essential role of such businesses in the European economy; calls, therefore, for these conclusions to be taken into account in the framing and implementation of Community policies, in particular in the context of the Single Market review and the review of policy on small and medium-sized enterprises (SMEs);
 6. Regrets that Member States do not feel enough ownership of the Single Market on a practical level;
 7. Recognises that in a Single Market delivering quality of life, environmental and consumer protection concerns need to be taken into account;

Increasing stakeholders' confidence in the Single Market

8. Holds the view that new policy initiatives should be more driven by an analysis of the impact they have on various markets, economic sectors and the environment, and in the social sphere;
9. Reiterates – given that social and territorial cohesion is one of the essential components of the Single Market – the importance of boosting citizens' confidence by promoting social and environmental objectives common to the Member States, such as quality jobs, equality of opportunity, and protection of health and the environment, while respecting

European cultural diversity; calls on the Commission to ensure that the EU performs its protective function in these areas and to avoid regulatory competition between the Member States;

10. Stresses that social cohesion, combined with consistent consumer protection, can lead to an improved perception on the part of the public of the benefits of the Single Market;
11. Stresses the importance of encouraging the free movement of workers within the Single Market; points out that the mobility of workers inside the Union's borders is a major element promoting the competitiveness of businesses, and that it stimulates innovation by means of exchanges of expertise and increased competition;
12. Stresses that a good Single Market policy is fundamental to the stimulation of innovation through increased competition and to a business-friendly environment, which is of particular importance to SMEs; calls on the Commission and the Member States, in particular, to put in place practical measures designed to support the innovative potential of craft and small enterprises, and in particular tools for financing innovation which are adapted to the specific characteristics of such enterprises;
13. Urges the Commission to adopt a global strategy concerning intellectual property rights and to strengthen the protection of those rights as a tool to support innovation, promote Europe's industrial capacity and encourage its growth; highlights the importance of establishing a Community Patent and a high-quality, cost-effective, innovation-friendly judicial system for European patents which respects the competence of the ECJ; notes the Communication from the Commission to the European Parliament and the Council on enhancing the patent system in Europe (COM(2007)0165);
14. Considers that effective competition policy will help build consumer confidence, ensuring citizens benefit from greater choice, lower prices and higher quality; calls on the Commission to explore how better to integrate competition policy measures into wider Single Market policy;
15. Stresses the importance of combating fraud and piracy within the Single Market;
16. Holds the view that tackling climate change and ensuring sustainable development are of paramount importance, and can be achieved only with a balanced energy mix, and that a Single Market policy promoting sustainable and competitive energy is vital to those ends; welcomes the abovementioned Presidency Conclusions of the Brussels European Council; regrets, however, that insufficient emphasis was placed on the potential contribution of nuclear power;
17. Welcomes the Commission's initiatives which seek to identify, at an initial stage, common principles regarding the state aid and public procurement rules applicable to services of general interest and to clarify ambiguities in the fields of health services and social services of general interest in the Single Market; considers that strong and modern services of general interest are necessary in order to achieve public interest objectives, such as social and territorial cohesion, environmental protection and cultural diversity;

18. Stresses the need to make consumer law more effective for the Single Market; welcomes, therefore, the Commission's Green Paper on the review of the consumer acquis; notes that the current minimum harmonisation clauses in the eight directives covered by the review are a source of legal uncertainty for businesses and consumers; considers, therefore, without wishing to predict the result of the consultation, that the mixed option approach, with a horizontal instrument, is the most appropriate with a view to strengthening consumer confidence;
19. Points out that only 6% of consumers make use of cross-border electronic commerce in goods; stresses, therefore, the importance of increasing consumer confidence in cross-border purchases by putting an end to the fragmentation of the Single Market in the digital environment; to that end, encourages the Commission to provide support for an appropriate framework for the development of electronic commerce, to create a more favourable economic environment therefor, to improve the quality of legislation and to strengthen consumer rights and the situation of SMEs in the marketplace;
20. Stresses that neither consumers nor service providers are always able to determine which legal regime is applicable to each aspect of their activities; calls, therefore, on the Commission to propose a clarification of the interaction between private international law instruments and Single Market instruments with a view to leaving no doubt as to when home or host country legislation or regulation applies and to leave no gaps in the liability regime applicable to service providers;
21. Calls for the continuing development of design standards, with the aim of further improving accessibility for disabled people, the elderly and children; stresses the importance that this process has had in areas such as urban buses, lifts, electrical appliances and information and communications technologies (ICT) in extending the benefits of the Single Market to vulnerable citizens and in creating greater certainty and preventing the creation of barriers for industry in the Union;
22. Stresses that public contracts must be awarded in a fair and transparent manner, observing public procurement rules, and that they may also help promote innovation and technological development and help respond to environmental and social concerns, including accessibility for disabled people; calls on the Commission to encourage Member States to improve access for SMEs to public procurement contracts and to apply pre-commercial procurement to improve the innovative capacity of the Single Market;
23. Holds the view that the free movement of goods is vital for the efficiency of the Single Market; points out that 25% of the goods manufactured in the European Union are still not subject to harmonisation measures; welcomes, therefore, the Commission initiative to improve the functioning of the Single Market in that field; calls on the Member States to make full use of mutual recognition to ensure the exercise of this fundamental freedom in the interests of consumers and businesses;
24. Stresses the importance of removing obstacles to the creation of a single payments area, as well as further liberalisation of postal markets, while ensuring the financing of an efficient universal service;

25. Takes the view that further financial integration in the European Union is necessary to contribute to sustainable growth, notably via lower transaction costs, wider opportunities for risk sharing and a more efficient allocation of resources;
26. Believes that the present VAT and excise duty systems are a barrier to the completion of the Single Market, in particular in relation to cross-border trade; calls on the Commission to investigate tax problems related to personal mail order and Internet shopping, and to come forward with proposals for facilitating EU citizens' full benefit from the free movement of goods;
27. Calls for particular attention to be paid to the Single Market concerns of SMEs, in particular through improvements to the cost and speed of start-up processes, the availability of risk capital/venture capital, the cost and speed of payment services and the mobility of people, goods and services; calls on the Commission to ensure that risk capital from the European Investment Fund usefully reaches SMEs and innovative enterprises;
28. Holds the view that informal networks, such as Solvit and the European Consumer Centres Network (ECC-Net), are an important complement to the formal and legal tools available to citizens and enterprises; welcomes the initiative to establish the Internal Market information network (IMI - Internal Market Information system); calls on the Commission to increase its staff resources and improve its information strategy so that the public and businesses know that these networks exist and so as to make them fully effective;
29. Believes that increased consultation and use of appropriate mechanisms to achieve a faster resolution of disputes need to be investigated; calls, therefore, for an effective fast-track arbitration redress mechanism to be established at EU level to promote the prompt resolution of disputes concerning Single Market rules;

Reducing administrative burdens

30. Welcomes the Commission's initiatives to reduce the administrative burdens for businesses and urges that further efforts of this kind be made to improve access to the Single Market without reducing the necessary protection for citizens, consumers and employees;
31. Stresses that mutual recognition is an important aspect of the Single Market which does not prevent the approximation of legislation where appropriate;
32. Stresses, however, that the Single Market of the 21st century must operate within a set of necessary and proportionate rules; believes that greater harmonisation may be necessary in certain areas, in particular in retail financial services (including means of payment) and taxation; welcomes the Commission Green Paper on Retail Financial Services in the Single Market (COM(2007)0226) and, while recognising the local nature of retail financial services, urges the Commission to promote the steps already taken and being taken to create the conditions for a Single Market in which consumers and suppliers can choose to participate; is of the opinion that to this end greater consumer testing of

possible initiatives should always be undertaken; urges the Commission to push ahead with its proposals concerning a common consolidated corporate tax base;

33. Emphasises that 'better' is not necessarily 'less' regulation; urges the Commission to consider new initiatives in order to improve the functioning and integration of the Single Market and to consolidate and simplify legislation;
34. Considers that the Commission's consultation procedures must be more transparent and targeted in order to encourage all stakeholders, and in particular SMEs, to participate;
35. Believes that boosting competition through regulatory reform is the stimulus that Europe needs to improve productivity; reiterates that Parliament's rights in the context of regulatory reform should be fully respected;
36. Holds the view that Commission impact studies need to be more consistent and take account of all stakeholder views; welcomes, therefore, the establishment of the Commission's impact assessment board and asks the Commission for the board's opinions to be made public; calls for more impact assessments to be carried out by the European Parliament in support of its proposals;
37. Calls on the Commission to incorporate an 'Internal Market Test' into the better regulation mechanisms, as advocated by Parliament, to ensure that regulators always take into account the implications of their actions on the four freedoms of the Single Market, alongside the other aspects that they are required to consider, notably sustainability and employment;
38. Points out that ex-post evaluation of legislation should also be undertaken to ensure that rules are working as intended and to highlight any unforeseen negative effects;
39. Shares the Commission's view that co-regulation and self-regulation can be tools which may complement legislative initiatives in some areas, while respecting the legislator's prerogatives; also stresses the effectiveness of closer cooperation in some areas, making it possible to move towards harmonisation on a voluntary basis;
40. Is of the opinion that inadequate transposition is one of the major barriers to the completion of the Single Market and that Member States are responsible for improving transposition and implementation of EU legislation; welcomes the improvement in national transposition and the aim of the Brussels European Council gradually to reduce the target transposition deficit to 1%; calls on Member States to avoid the pitfall of national over-regulation ('gold-plating');
41. Stresses the importance of strengthening and improving administrative cooperation between the authorities in the Member States which are responsible for the Single Market;

The international dimension

42. Regrets the fact that some Member States are taking measures to protect their national markets; emphasises the importance of achieving a level playing field across the Single

Market; stresses that a well-functioning Single Market constitutes a competitive advantage for Europe in the face of globalisation;

43. Calls on the Commission, when framing internal policies, systematically to evaluate and take into consideration similar policies implemented by the EU's major partners, such as the US, Russia, China, India, Brazil, Japan and so on, with a view to improving the European Union's competitiveness and removing barriers to global trade;
44. Stresses that policy initiatives to increase competitiveness must not lower European standards; recalls the importance of developing a constructive and balanced dialogue with external partners;
45. Takes note of the Commission's initiative to engage in a comprehensive review of the Union's trade defence instruments; stresses that effective trade defence instruments are vital to competitiveness, growth and jobs in a fast-changing world economy; recalls that the European Union should maintain the leadership it has shown in the past in improving and strengthening discipline at WTO level;
46. Holds the view that the European Union will only be able to thrive in a global economy if it matches and even improves on the innovative capacity of its trading partners; insists on the fact that the European Union needs specific measures to make the Single Market more innovative; furthermore, calls on the institutions of the European Union to position the Union as an entity with regard to future trends in the global economy so as to ensure both the efficiency of the Union's trade defence and its sustainable competitiveness; is of the opinion that the Transatlantic Internal Market could be an appropriate instrument to these ends;

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47. Instructs its President to forward this resolution to the Council and Commission and to the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

The Internal Market (also called the Single Market) remains the key achievement of European integration. It is one of Europe's greatest success stories. The four freedoms which underpin the internal market are the driving force behind the social market economy. The achievement of the Single Market, however, represents work in progress, something which is constantly developing as it grows within a globalised and changing world.

The deepening and completion of the internal market is a necessary and determining factor for the years to come. In the 21st century, Europe should achieve an open and fully effective Single Market, put the four freedoms into practice, boost solidarity, permit successes both at individual and collective level, and contribute to sustainable development. The Commission's review of the internal market has therefore come at just the right time.

Having grown from 6 to 27 Member States and achieved successful integration which is cited as a model for other continents, the EU nevertheless needs to overcome a crisis of confidence. The citizens of all the Member States are having their doubts about the internal market and the other common policies.

The internal market is an instrument of solidarity by means of integration. Without the creation of wealth and jobs there can be no social progress: this is the rationale behind our action.

Involving the representatives of the national parliaments in the work of the European Parliament will help them better to understand the advantages, issues and requirements of the Single Market.

The deepening of the internal market must promote European cohesion, modernisation and the convergence of our economies and the social protection of Europeans. There are many areas in which the benefits of the internal market are not visible: this report will stress among others services of general interest, the social field, retail financial services, consumption, taxation, energy, worker mobility and intellectual property.

Social cohesion is an integral part of the deepening of the internal market. It is workers which shape its success. This report now seeks to stress the importance of lifting restrictions on the freedom of movement of workers and, in a general way, to improve citizen confidence by promoting social objectives common to the Member States such as quality jobs, equality of opportunity, health and environmental protection, while respecting the cultural diversity of the Member States. Deepening the internal market must also seek to limit the effects of regulatory competition between the Member States in social matters.

In a related field, your rapporteur considers it essential for the Commission to clarify thinking in relation to ***public services***.

Services of general interest (SGIs) are recognised as one of the pillars of the European social model. Considering SGIs as the cement of the EU's social and territorial cohesion, and considering quality SGIs as a real support for economic development and job creation, your

rapporteur feels it is desirable for the Commission to propose, though without anticipating the work of the European Parliament, a Charter of Services of General Interest: an official text developing the concept of a common value as set out in Article 16 of the EC Treaty, specifying the principles and conditions under which SGIs can accomplish their mission, which can serve as a reference in seeking balance between their economic dimension and their social dimension.

However, while respecting the subsidiarity principle and the powers of the Member States to organise and finance SGIs, your rapporteur wonders about the advisability of a framework directive on such services.

At any event, Parliament recalls the urgency of successful sector-specific initiatives on health services and social services of general interest.

The internal market forms part of daily life for citizens to such an extent that they no longer realise the advantages and benefits they can derive from it. It is crucial to expand citizen choice by offering them **quality products** and better opportunities for cross-border purchasing. In that respect, our committee welcomed the recent Green Paper on the Review of the Consumer Acquis which forms part of the Consumer Protection Strategy . This will be the Consumer Protection Commissioner's most important item of policy up until the end of the Commission's mandate. This Green Paper merits our full attention. Its application is likely to promote greater confidence and convergence within the Single Market. As the Commission notes, the eight directives covered by the Review have not achieved all that they set out to do. The discrepancies in their transposition merely exacerbate the uncertainty. In the interest of boosting confidence within the internal market we should consider going beyond the existing minimum harmonisation clauses.

Consumer confidence also requires free movement of goods.

The **non-harmonised sectors** still represent 50 % of the internal market. All these sectors are still subject to national technical rules entailing considerable administrative costs, hence the importance of supporting the measures submitted by the Commission on 13 February 2007 to optimise the current rules and principles governing the market in goods and improve their monitoring and their effective application. All these measures can only boost citizen confidence in the operation and added value of the internal market.

This report also calls on the Commission to adopt an overall strategy on **intellectual property rights** and in particular to propose a comprehensive strategy on patents in Europe. Intellectual property rights underpin the economy of the cultural industries and guarantee the promotion of cultural diversity. Your rapporteur notes the recent Commission Communication on improving the patent system in Europe and stresses the importance of establishing a Community patent and a judicial system in which the CJEC would be the court of last instance.

On the financial side, this report highlights the need for a more advanced harmonisation of **retail financial services** and means of payment in particular. The lack of harmonisation of some elements of **taxation** also hampers the integration of the internal market and harms

European competitiveness while making the business environment hard to interpret. In particular, the European Parliament encourages the Commission to push ahead with its proposals concerning a common consolidated corporate tax base.

Regarding energy and combating *global warming*, your rapporteur welcomes the ambitious agreement at the European Council on 9 March as a step towards a European energy policy. However, he regrets that insufficient attention was paid to the contribution that nuclear power can make to the objectives of the EU's energy and environmental policy. He also stresses that the Single Market implies the development of inter-connected networks.

At the heart of our Single Market are the *SMEs* which are given priority attention in the Lisbon Strategy. Improving access for SMEs to public contracts is of crucial importance for jobs in the EU. At present our SMEs are not in the same position as those in WTO partner countries such as the USA, Japan, Korea and Canada, which have negotiated an option to give SMEs special treatment in bidding for public contracts. Your rapporteur considers that the Commission should have Parliament's support in seeking to re-balance the Agreement on Public Contracts concluded at the WTO regarding access for European SMEs to the markets of the other signatories.

Citizens and SMEs should be able to benefit fully from the internal market in a concrete way. Hence this report strongly encourages the establishment of the *Internal Market Information Network* and informal mechanisms such as *Solvit* and *ECC-NET* which complement our regulatory instruments.

This report also highlights the aspects linked to '*Better Regulation*', welcoming the Commission's stated objectives of simplification and effective application of Community law.

Strengthening the internal market does not imply amassing ever more legislation, nor yet rejecting or abolishing all legislation. The 21st century Single Market must be provided with necessary and proportionate rules. We must regulate the opening of our markets along the lines already adopted by our global partners.

This certainly means there is a need to identify a number of sectors in which a more advanced *harmonisation* could be necessary. Hence your rapporteur calls on the Commission, as set out above, to pursue Community harmonisation in the fields of retail financial services, taxation, energy, network services, intellectual property and consumers' rights, while respecting the principle of subsidiarity.

We should also welcome the progress already made by the Member States in *transposing* Community legislation. The objective of reducing the transposition deficit to 1 % should be encouraged. In this connection, the Commission should be encouraged to aid the Member States, where necessary, in transposing a Community act in the same way as is being done for the Directive on the Internal Market in Services. Greater coordination between the national authorities responsible for the transposition in the various Member States is also desirable.

Effective law-making also requires the Commission to make an effort to carry out more advanced *impact studies* involving all interested parties. We welcome the establishment of an impact assessment board the work of which should be more transparent and which should, in

particular, make its opinions public. The European Parliament should carry out independent impact studies itself. It would also be useful to study the effects of Community social and environmental legislation further upstream. Finally, an ex-post assessment should be considered of the arrangements put in place to ensure transparency and the possibility of effective sanctions.

Your rapporteur also concurs with the Commission's thinking on the balance to be sought between *legislation, co-regulation and self-regulation*. This new approach should, however, take account of the respective strength and influence of the various parties (producers and consumers).

In the same spirit, we welcome the work carried out by the Commission in reducing the administrative burden of undertakings, in particular SMEs. However, the global objective of a 25% reduction in these burdens should be examined in greater depth.

The Single Market policy also has an external dimension.

A strong, open and competitive Single Market may constitute a fundamental part of Europe's response to the challenge of globalisation. The internal rules of the internal market should help strengthen external competitiveness. The interdependence which exists at world level creates new opportunities for affirming European values and interests.

We must pay more attention to the rules employed by our partners in order to maintain an attractive and competitive Community market without giving up our own standards. Europe could become a reference for other regions.

Finally, your rapporteur calls for the multi-lateral trading system in the framework of the WTO to be strengthened, and stresses the importance of arriving at an ambitious, balanced and global agreement to conclude the Doha round of negotiations.

In this connection, the European Parliament calls for our existing instruments of commercial defence to be preserved.

13.6.2007

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on the Internal Market and Consumer Protection

on the Single Market Review: tackling barriers and inefficiencies through better implementation and enforcement
(2007/2024(INI))

Draftswoman: Pervenche Berès

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on the Internal Market and Consumer Protection, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas ‘A single market for citizens – interim report to the 2007 Spring European Council’ points out that the single market and the single currency together improve financing conditions for citizens and businesses and enhance EU resilience to external financial shocks,
- B. whereas the establishment of the internal market in 1992 was based on following three principles:
 - competition: enabling the finalisation of the internal market on the basis of social market economy rules, backed up by a right to benefit from competition, which is an essential democratic right designed to curb the abuse of economic power and not just to limit the powers of public authorities;
 - cooperation: enabling the realisation of cross-border and EU-wide ambitions set out in the Treaties and Community programmes; and
 - solidarity: uniting the different parties and pursuing the objectives of social, economic and territorial cohesion,
- C. whereas Commission studies have concluded that fully integrated financial markets could, in the medium to long term, lower the cost of capital for EU companies by about 0.5 percentage points; lead to an increase in GDP of 1.1% and a 6% increase in the level of

investment; as well as a 0.8% increase in private consumption; and increase the level of employment by 0.5%; whereas if EU companies would have the same access to finance and especially risk capital as US companies, it is estimated that value-added growth in EU manufacturing could increase by 0.75–0.94 percent on a durable basis, and a full opening of network sectors such as energy and telecommunications could permanently raise EU output by 1.0-1.5%,

- D. whereas a recent Commission study¹ revealed that the growth performance of enterprises in the years after they enter the market (post-entry growth performance) is markedly lower in the European Union than in the United States,
- E. whereas the internal market strategy is an important element of the Lisbon Strategy and essential to the smooth functioning of Economic and Monetary Union,
- F. whereas a well-functioning internal market is fundamental for the sustainable growth of SMEs, there are still barriers that prevent SMEs taking full advantage of the single market,
- G. whereas the European Union has in recent years adopted various legislative measures aimed at enhancing the single market in financial services, such as bank services, asset management, insurance, pension funds, and accounting, which have brought benefits both for business and consumers, and made the EU a global leader, trend-setter and standard-setter in the financial services industry,
- H. whereas in June 2006, the transposition deficit of the Member States averaged 1.9 %, which was still above the agreed target of 1.5 %,
- I. whereas the single market in financial services in an EMU context has developed satisfactorily throughout the European Union despite the continuing existence of currencies other than the euro in several Member States,
- J. whereas enlargement, which has increased the opportunities to be gained from the internal market, has also presented a challenge to its proper functioning by increasing heterogeneity among its members; and whereas heterogeneity in the field of corporate taxation constitutes a risk of tension between Member States,
- K. whereas the Commission has an important responsibility to enforce compliance with competition rules in order to ensure a fair and level playing field for EU enterprises and the full realisation of single market benefits for EU consumers,
- L. whereas the potential of the internal market has not been fully exploited in the ambit of energy, whose performance has implications for the competitiveness of the European economy as a whole and for addressing climate change,

¹ European Commission Economic Papers: ‘Steps towards a deeper economic integration: the Internal Market in the 21st century – A contribution to the Single Market Review’, January 2007.

- M. whereas the Commission can still play a useful role in certain aspects of tax policy, which will further a real single market, even if Member States jealously guard their prerogatives over tax issues,
- N. whereas most Member States trail the United States and Japan in terms of innovation, and whereas a European innovation deficit can be partly explained by a lack of progress in the amount of public and private R & D allocated, and by the weaknesses of the higher education system,
- O. whereas good progress has been made towards completing the single market for wholesale financial services, there is as yet very little evidence of this also translating to any significant extent at the retail level, often due to cultural and traditional preferences by citizens, but also due to legal and tax barriers,
- P. whereas the Lamfalussy process remains to be fully tested at the implementation and enforcement levels, and requires further monitoring and possible adjustment,
1. Welcomes the Commission's initiative to reflect on the best regulatory framework for the future of the internal market; stresses, however, that the internal market must in future operate within a set of necessary and appropriate common rules; underlines, therefore, the importance of improving the quality and availability of provisions in an effort to achieve a well-functioning internal market, in particular in the area of services, including retail financial services; points out that the post-entry growth performance of EU firms can be improved by addressing, through non-legislative initiatives or, where necessary, through legislative instruments, the remaining barriers affecting their growth, such as imperfect financial markets which result in lower financial potential, higher administrative costs at entry and post-entry that affect the expansion of firms in their initial years, and tight hiring, firing and other social restrictions;
 2. Considers that the Lamfalussy process is showing early signs of being a successful innovation for the legislation, implementation and enforcement of a financial services single market and could be a relevant model for other areas of the single market and that it should be considered for wider application; believes the convergence of supervisory practices to be crucial and that supervisors' room for discretionary manoeuvre can remove much of the burden of technical detail in legislation and produce adequate rules for a dynamic market; stresses, however, that this can never remove the political responsibility for the final objectives;
 3. Stresses the importance of removing obstacles to the creation of a single payments area, as well as further liberalisation of postal markets, while ensuring the financing of an efficient universal service;
 4. Takes the view that further financial integration in the European Union is necessary to contribute to sustainable growth, notably via lower transaction costs, wider opportunities for risk sharing and thus more efficient resources allocation; stresses that the economic benefits to be expected from EU financial integration require also strong measures in the fields of competition, market transparency/integrity and financial stability; underlines also the need to strengthen efforts in the field of international dialogues on financial markets

and their regulation with the United States and Japan, but also with the growing new economies in China and India;

5. Believes that boosting competition through regulatory reform is the stimulus that Europe needs to improve productivity; Promotes in this context principles-based legislation and the focus on quality rather than quantity; stresses that emphasis should be placed on better enforcement and implementation of legislation already in force, a preference where practicable for non-legislative initiatives, and reiterates that Parliament's rights in the regulatory reform should be fully respected;
6. Urges for the transparency and independent scrutiny of the execution of impact assessments under the full responsibility of the legislators in the context of their political priorities; calls for 'follow-up impact assessments' analysing how decisions are in fact implemented in Member States and at local level, including analyses of all economic, environmental and social impact of measures;
7. Reiterates that better implementation and enforcement of legislation is essential to provide the legal stability and predictability needed by consumers and businesses in the single market. Underlines that the forthcoming initiatives in the area of retail financial services will be fundamental in further allowing citizens to fully benefit from the internal market;
8. Recognises that the adoption and proper transposition into domestic law of EC directives is essential for the good functioning of the internal market; points out that the EU has not yet managed to establish itself as an innovation-driven technology leader which is crucial to realise the objectives of the Lisbon-Göteborg Strategy and to address climate change; regrets, therefore, in this context, that the internal market has been relatively ineffective as a driver of innovation; takes the view that efficiency and innovative considerations could be better taken into account when designing policies such as competition policy;
9. Believes that the resilience of the EMU will be an essential component of the Internal Market in the 21st century, inter alia through facilitating more integrated and developed financial markets;
10. Believes that increased consultation and use of appropriate mechanisms to achieve faster resolution of disputes need to be investigated, therefore calls for an effective fast-track arbitration redress mechanism to be established at EU level to promote the prompt resolution of disputes concerning internal market rules;
11. Supports the determination of the Commission's Competition Directorate-General to address cartels and monopolies including in sensitive areas such as postal services, financial services, transport, and energy;
12. Believes that the present VAT and excise duty systems impede the full realisation of the single market, in particular concerning cross-border trade. Calls on the Commission to investigate tax problems related to personal mail order and Internet shopping, and to come forward with proposals for facilitating EU citizens' full exercise of their rights to the free movement of goods;

13. Calls for particular attention to the single market concerns of SMEs, in particular through improvements in the cost and speed of start-up processes, the availability of risk capital/venture capital, the cost and speed of payment services, and the mobility of people, goods and services;
14. Calls on the Commission to ensure that risk capital from the European Investment Fund usefully reaches SMEs and innovative enterprises;
15. Looks forward to reviewing the Commission's forthcoming white papers on retail financial services and mortgage credit wherein a strategic choice needs to be made as to whether the development of a single retail financial services market with substantial intervention to remove barriers should be promoted or the single market in wholesale financial services should be simply allowed to trickle down to facilitate more cross-border shopping for financial services also at the retail level;

PROCEDURE

Title	The Single Market Review: tackling barriers and inefficiencies through better implementation and enforcement
Procedure number	2007/2024(INI)
Committee responsible	IMCO
Opinion by Date announced in plenary	ECON 15.2.2007
Drafts(wo)man Date appointed	Pervenche Berès 11.6.2007
Previous drafts(wo)man	Eoin Ryan
Discussed in committee	8.5.2007
Date adopted	11.6.2007
Result of final vote	+: 23 -: 3 0: 0
Members present for the final vote	Zsolt László Becsey, Pervenche Berès, Sharon Bowles, Ieke van den Burg, Jonathan Evans, Jean-Paul Gauzès, Gunnar Hökmark, Sophia in 't Veld, Wolf Klinz, Guntars Krasts, Gay Mitchell, Joseph Muscat, Joop Post, John Purvis, Alexander Radwan, Bernhard Rapkay, Heide Rühle, Eoin Ryan, Olle Schmidt, Cristian Stănescu, Margarita Starkevičiūtė, Sahra Wagenknecht
Substitute(s) present for the final vote	Harald Ettl, Werner Langen
Substitute(s) under Rule 178(2) present for the final vote	Joel Hasse Ferreira, Evelyne Gebhardt

PROCEDURE

Title	Single Market Review: tackling barriers and inefficiencies through better implementation and enforcement			
Procedure number	2007/2024(INI)			
Committee responsible Date authorisation announced in plenary	IMCO 15.2.2007			
Committee(s) asked for opinion(s) Date announced in plenary	ECON 15.2.2007			
Rapporteur(s) Date appointed	Jacques Toubon 19.12.2006			
Previous rapporteur(s)				
Discussed in committee	12.4.2007	8.5.2007	4.6.2007	27.6.2007
Date adopted	9.7.2007			
Result of final vote	+ 34 - 0 0 4			
Members present for the final vote	Charlotte Cederschiöld, Gabriela Crețu, Rosa Díez González, Evelyne Gebhardt, Malcolm Harbour, Edit Herczog, Pierre Jonckheer, Kurt Lechner, Lasse Lehtinen, Toine Manders, Arlene McCarthy, Nickolay Mladenov, Bill Newton Dunn, Béatrice Patrie, Zita Pleštinská, Karin Riis-Jørgensen, Zuzana Roithová, Luisa Fernanda Rudi Ubeda, Heide Rühle, Leopold Józef Rutowicz, Christel Schaldemose, Andreas Schwab, Alexander Stubb, Eva-Britt Svensson, Horia-Victor Toma, Jacques Toubon, Bernadette Vergnaud, Barbara Weiler			
Substitute(s) present for the final vote	André Brie, Othmar Karas, Wolf Klinz, Manuel Medina Ortega, Joseph Muscat, Catherine Neris, Olle Schmidt, Gary Titley, Anja Weisgerber			
Substitute(s) under Rule 178(2) present for the final vote	Klaus-Heiner Lehne			
Date tabled	23.7.2007			
Comments (available in one language only)				