



Your Single Market?



**Single Market Act for a
highly competitive social
market economy**

More information on the European Union is available on the Internet.
(<http://europa.eu> and <http://ec.europa.eu/citizensrights>)

Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2010

ISBN 978-92-79-16933-5

doi: 10.2780/19934

© European Union, 2010

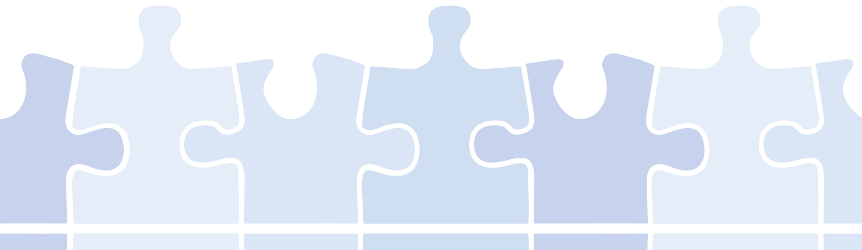
Reproduction is authorised provided the source is acknowledged.

Printed in Belgium

Your Single Market?



Single Market Act for a
highly competitive social
market economy





PART 1.
STRONG, SUSTAINABLE AND
EQUITABLE GROWTH



PART 2.
EUROPEAN CITIZENS AT THE
HEART OF THE SINGLE MARKET
REGAINING AND BUILDING TRUST



PART 3.
DIALOGUE, GOVERNANCE AND THE
SINGLE MARKET

Dear fellow European citizen,

You participate everyday in building Europe. You work, consume, travel, save, study or invest. You want to look after your health or you may be preparing for retirement. In all aspects of your day-to-day life the single market, shared by all Europeans, should work for you, give you more opportunities and allow you to plan for your future.

In a collaborative effort with my colleagues from the European Commission, we have identified a set of 50 actions to allow each and every European to get more out of participating in the single market.

This booklet is intended, above all, as an invitation to both reflect on and discuss the issues that matter to you. From now until the end of February, our proposals will be up for debate in each and every EU Member State. We invite you all to share your thoughts and opinions with us. Whether you are an individual, a small or big business, a trade union, an association, an NGO or a think tank, we want to hear from you.

Feel free to visit our website http://ec.europa.eu/internal_market/smact/ where you can learn about the full contents of our proposals, follow events and participate in debates on key questions concerning the Single Market Act. You can also write to me either: at Michel.Barnier@ec.europa.eu or on our dedicated address for the Single Market Act: markt-sma@ec.europa.eu.

I look forward to hearing from you,



Michel BARNIER
Member of the European Commission in
charge of Internal Market and Services



Why a Single Market Act?

2012 will mark the 20th anniversary of the single market. Launched in 1992 under the leadership of Jacques Delors, the single market was intended to strengthen the ties that bind the citizens and Member States of the European Union. Its benefits are widespread. They are clear for businesses and for consumers who have seen their mobile phone prices come down by 70% and the cost of airline tickets drop by 40%.

But times have changed. The globalization of trade, technological progress, and the emergence of new global players have altered the rules of the game. The financial and economic crisis had a severe impact on workers and businesses. This new reality demands a fresh response. One that is ambitious, seeks to re-launch market integration and works towards realizing Europe's growth potential. We will need to work together to put citizens back at the heart of the single market and gain their trust.

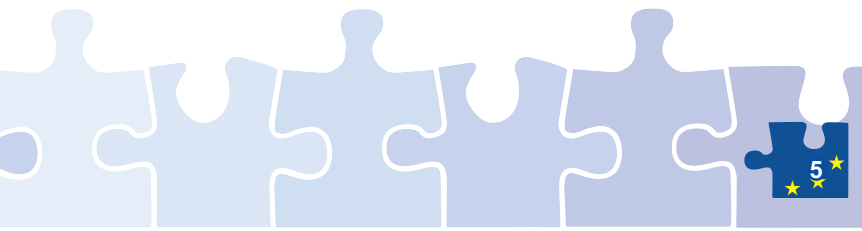
A strong and successful single market should create jobs and address issues of social protection and environmental sustainability. To meet these challenges we will need a pan-European commitment. One that involves stakeholders from all corners of Europe, including those at national and regional levels, those in the public and private sector and those in the economic and social spheres.



This is the essence of the Single Market Act: actions the Commission wants to see debated and implemented as a matter of urgency before the end of 2012. We have identified the problems that stand in the way of the single market reaching its full potential. Plenty of possibilities for growth exist. However, these can only be exploited when citizens and businesses are fully convinced of the benefits generated by the single market.

Our actions fall into three categories:

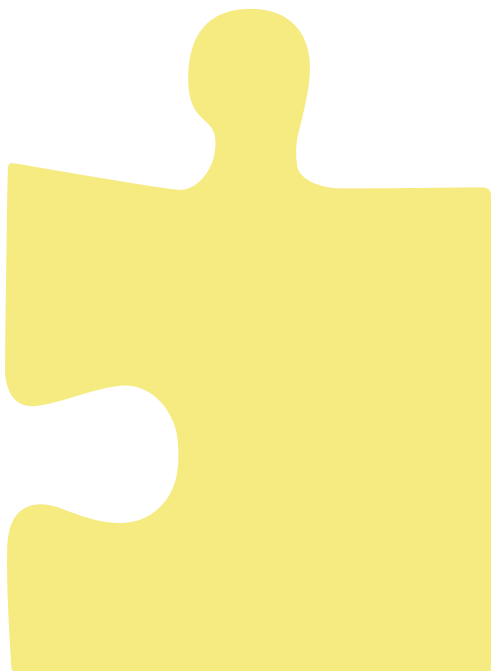
- How to re-launch strong, sustainable and equitable growth
- How to put citizens at the heart of the single market.
- How to foster better governance and dialogue in the single market.



21 million European companies cater to 175 million jobs and supply 500 million consumers. The single market must encourage companies to expand, buy, sell, create, invest and hire throughout the European Union and beyond, because Europe is poised to think and act globally.



PART 1.
**STRONG, SUSTAINABLE
AND EQUITABLE
GROWTH**



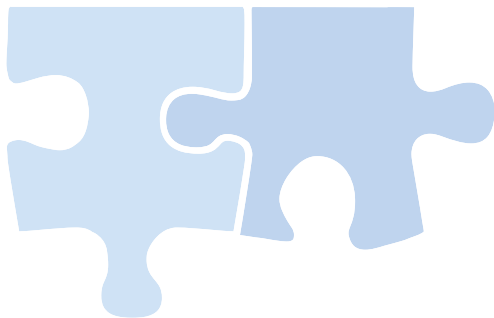
ENCOURAGING AND PROTECTING CREATIVITY

A European patent

Our current fragmented system for patents stifles innovation and fails to properly protect inventors and centres for research and businesses. Our aim is to have the first EU patents issued in 2014.

Any company or individual registering a patent has to go through a process of validating it in each and every Member State. This involves translation fees, a costly business that deters smaller companies.

Registering a patent now may be subject to expensive and risky multi-forum litigation in different Member States.



Imagine a medical breakthrough...



Imagine an SME specialising in medical implants achieves a breakthrough in a new spinal device. Aware that the copying of innovations is common in the sector, the company decides that a patent is the only way to protect its invention.

Registering the patent in 13 Member States could cost the company up to €20,000 under the current system. Financial constraints prevent the company from doing so, leaving the invention vulnerable to copying in other countries. If copied outside the EU and imported through the port of a Member State where the patent is not registered, authorities would be powerless to stop its release into the single market.



Tackling problems for online cross-border purchases

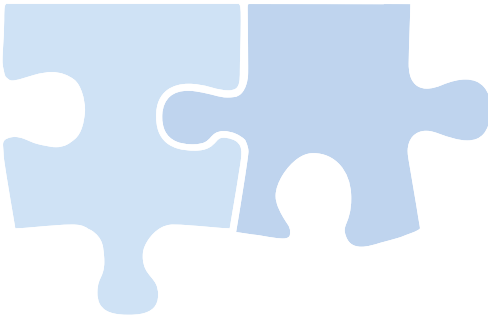
The sector that poses the most problems to consumers is the online single market. Today, only 7% of consumers buy online. Too often consumers cannot purchase products from other Member States because of their nationality or place of residence. A recent study revealed that 61% of online purchases failed because companies refused to sell to people from other countries. In 2011, the Commission will support Member States by providing more guidance on how to rule out discrimination in e-commerce.

The absence of a European framework for copyright further complicates online purchases. Buying or selling music, books or other creations of cultural value is still too complicated. As a result, Europe's potential for an EU-wide exchange of works that are of cultural value remains largely untapped. In 2011, the Commission will propose a Framework Directive on copyright, in order to open access to art online while ensuring proper protection and remuneration for copyright holders.



Fighting Counterfeiting and Piracy

Counterfeiting and piracy have become major problems for world business. Twenty years ago, counterfeiting was a concern mainly for manufacturers of expensive handbags. Today, counterfeiters not only fake electrical appliances, car parts, toys and software, but even medication. This means that not only millions in tax revenues are lost, but also that jobs and the health and safety of citizens are put at risk. The Commission will propose an action plan to confront counterfeiting and piracy in 2010 and will put forward a legislative proposal for a reinforcement of customs control. It will also re-examine its strategy on intellectual property rights for non-EU countries.





Did you know that:

- €60 billion is lost in tax revenue in the G20 as a result of piracy and counterfeiting.
- €10 billion in retail losses in 2008, and 186,600 jobs lost.
- The 2009 Euro barometer revealed that nearly one third of Europeans think it is OK to buy counterfeited goods, and 40% of young Europeans are consciously buying fake products of internet platforms.

PROMOTING A MORE SUSTAINABLE ECONOMY

Increase the single market for services

Services are an essential part of Europe's economy and represent more than 70% of all jobs. But although progress has been made, the single market for services still does not work as well as it could. Cross-border services only represent 5% of GDP, which is very low compared to goods traded in the single market, representing 17% of GDP. Citizens and businesses, especially small and medium sized enterprises (SMEs) all stand to gain from a better-functioning Single Market for Services. These gains are estimated at annual profits of 60 to €140 billion; a growth of GDP of between 0,6 and 1,5%. That is why the Commission will put forward further measures to improve the single market in services in 2011.

More efficient rules for common product standards

Common standards means companies no longer have to comply with different standards for different markets. It reduces their cost and gives them better access to global markets, which leads to more trade and growth. New products that comply with international quality standards deliver a message of trust and professionalism. Common standards for products across the EU have also been essential to ensuring EU consumers have access to safe, quality goods, regardless of a product's origin. The economic benefit of standardisation is close to 1% of GDP. But there still is room for improvement. Standards should be agreed more quickly to keep pace with rapidly developing new technologies. Otherwise we deprive companies of export opportunities.

Aircraft standards

Airbus Industries, a subsidiary of EADS, has been a pioneer in the global aircraft manufacturing sector for over forty years. Most recently, the manufacturer drastically reduced the number of parts for the wide body A330/A340 passenger aircrafts through the use of harmonized standards. Synchronizing standards at European level has resulted in greater cost efficiency and better access to global markets. Airbus was able to use the European standards and no longer had to comply with a multiplicity of industry standards in different countries. The net outcome was a reduction in costs of more than €9 million.





Access to capital markets for small and medium sized enterprises

SMEs represent 99% of all EU companies. But they often cannot exploit their potential to expand because they are faced with difficulties of access to capital. It is still much easier to access capital for a big company than a small one. That is why improving SMEs' access to finance is so important. The Commission will encourage the creation of a network of regional stock exchanges and ensure that venture capital funds can invest freely in all Member States, which will favour small start-ups. It will take action on giving SMEs more visibility to potential investors and push for less complicated requirements for their listing on capital markets. The Commission also wants to simplify accounting rules for SMEs, and improve their access to public procurement contracts.

FINANCING INNOVATION AND LONG TERM INVESTMENT

European bonds for citizens' savings

The Commission will look at finding ways to encourage private investors to invest in long-term economic strategies as well as in big European infrastructure projects such as transport and energy schemes. One option is the creation of "project bonds", an idea raised by President Barroso in his State of the Union Address of 2010. These bonds could be issued in close cooperation with the European Investment Bank.

Greener, more innovative and more efficient public procurement

Public procurement is the process whereby the public sector awards contracts to companies for the supply of goods or services, such as building and construction works. This has generated more competition for government contracts: on average, five bidders compete for every publicly tendered contract. Contracting authorities believe that this has delivered average savings of between 5 and 8% on expected costs. Goods and services bought after public procurement procedures constitute 17% of EU GDP. EU rules on public procurement have contributed to greater transparency in the awarding of public contracts. Over 150,000 contracts were advertised EU-wide in 2009.

However, there is still room for improvement. By 2012, the Commission will have put forward proposals for making public procurement greener and more innovative. Options to make economies of scale by testing trans-national public tendering with more than one Member State involved will be studied. The Commission will also look at ways to improve access to public procurement contracts for SMEs.



Computer procurement reduces energy consumption in Sweden

In Sweden, state procurement is carried out through framework agreements for large purchases across government agencies. Personal computer contracts, which amount to €250 million per year, are the single largest procurement contracts in Sweden. The procurement for computers includes strict requirements for energy performance and chemical substances. As a result, annual energy consumption is down by 3,750 MWhz and Co2 emissions associated with computer use have fallen by an annual average of 26 tonnes compared to the last contracting period.



Common consolidated tax base and improved VAT systems for companies

The 27 national corporate tax systems all work very differently. This creates fiscal obstacles for businesses discouraging and often blocking cross-border activities. Hardest hit are SMEs, who are often unable to overcome the complexities of various tax systems. This is why the Commission wants to introduce a common tax base to address those provisions in the tax systems that limit the growth of companies seeking to benefit from the European single market. A common tax base would mean that a company has to abide by only one set of rules and would need to deal with only one agency on tax issues. This initiative will not affect the rates of corporate taxation that Member States apply.

Our VAT system has remained largely unchanged since it was first introduced in 1967. For businesses operating cross-border, costs are too high and administrative procedures too cumbersome. Fiscal fraud, tax- and duty evasion and bankruptcies have resulted in a net loss of 12% of VAT revenue. The Commission will propose a new VAT strategy in support of a stronger single market with simpler rules.

The external dimension of the single market

The EU is the largest exporter of goods and services in the world and one of the largest recipients of foreign direct investment. The single market should function as a solid base for European businesses, supporting their trade worldwide. It is important that our trade partnerships at international level are based on mutual interests and benefits. The EU needs to continue to be vigilant in its defence of European interests and jobs, and use all appropriate means to combat unfair trading practices. In general, the Commission believes that the adoption of more international rules would benefit both EU enterprises and global economic growth. The EU will also continue to push for more regulatory convergence with its trading partners at the G20 and in bi-lateral negotiations. In international public procurement the EU should work with a view to obtaining a level playing field for EU- and non-EU companies when competing for public contracts.



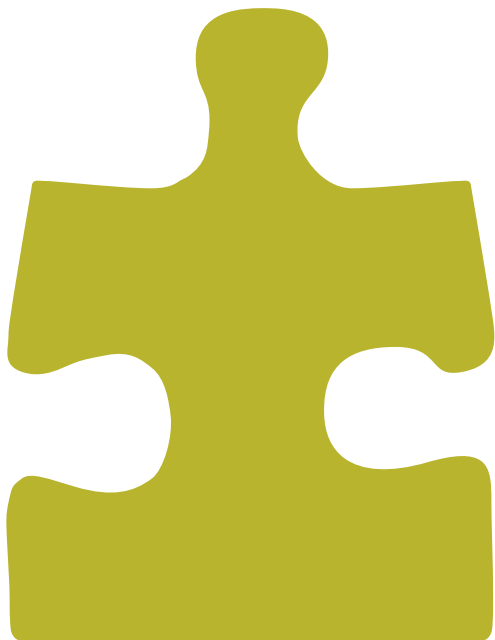
In order to regain confidence, Europe must reaffirm its commitment to a highly competitive social market economy and put European citizens back at the heart of the single market. A reliable social system, effective education and efficient public health systems form part of our European value system and have proved to absorb the worst effects of the recent crisis.



PART 2.

**EUROPEAN CITIZENS
AT THE HEART OF THE
SINGLE MARKET**

**REGAINING AND
BUILDING TRUST**



Improving Public Service and key infrastructure

The EU has to do everything in its power to safeguard that quality public services are adequately financed and universally accessible. Authorities in charge of public services need to know that they can continue to focus on meeting citizens' needs and the EU should assist them by offering an easy-to-use toolbox with the means to do so. The Commission will issue a Communication in 2011 which will give a detailed explanation of its plans.

The EU has already imposed public service obligations for economic sectors that were liberalized. Ensuring that services considered as essential to people's daily lives remain universally accessible will require a solid evaluation and ongoing appraisal of what happens on the ground.

Concerning public infrastructure, the EU's cross-border transport and energy systems are not sufficiently connected despite significant investment. State-of-the-art transport infrastructure is essential for sustainable development and growth. However, Member States still fail to coordinate their transport projects. In 2011, the Commission will revisit its plans for a pan-European transport system and propose a global framework for financing a better infrastructure.

The Commission will also identify priorities for improving energy infrastructure. Solutions need to be found to link networks and integrate renewable sources, following examples such as the North Sea wind project. More innovation is needed to find better solutions for energy consumption and efficient transportation. New financing is necessary to pay for investments worth more than €200 billion in the coming decade.

Coordination for a better energy infrastructure

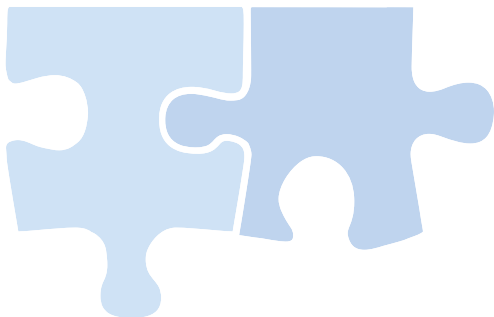
Large-scale renewable projects, such as the North Sea wind farm project, require coordination and massive investment. Success stories like this one create confidence, but that is not enough. Making sure that infrastructure is in place is a prerequisite to any successful alternative energy undertaking. Malta, for example, whose own renewable energy target is set at 10.2% by 2020, must coordinate with Italy in building a grid interconnector if it is to achieve this target by means of wind power. Spain and France must coordinate their grids in order to transport future wind and solar power produced in Spain to the rest of Europe. More needs to be done to achieve the scale that such projects require.



The social impact of single market legislation

Questions have been raised about workers' rights and their interaction with economic freedoms. The EU should find an appropriate response in line with the new Lisbon Treaty in which a highly competitive social market economy, with respect to fundamental rights, is a clear objective. The social impact of single market legislation should always be thoroughly analyzed and this legislation should be designed in a way that maintains the right balance between economic and social rights.

Free movement of services allows companies to post workers to another Member State. The Directive on Posted Workers provides a guarantee for the respect of posted workers' rights. The Commission will work further on this by issuing a legislative proposal in 2011 to improve the implementation of the Directive. National administrative procedures and double taxation should also be addressed, as they can complicate the posting of workers in another country, raising obstacles to the single market for services.



Reform of the Professional Qualifications Directive

The right to work and pursue an occupation in another Member State is a fundamental right under the Lisbon Treaty. It should be encouraged to enhance the efficiency of our labour market and to allow people to take more advantage of job vacancies in other countries. However, too often professionals are subject to long procedures for the recognition of their qualifications. The opportunities offered by the Professional Qualifications Directive are not being realized in full, so new legislation is needed. The Commission is evaluating current practice in order to consider, for example, the possibility of introducing a 'professional card' for certain professions. Possible changes to the Directive must keep pace with new developments in national education systems including back-to-work courses facilitating people's access to jobs.



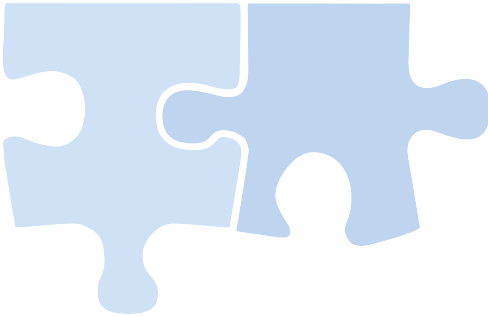


Professional cards for tourist guides?

Under the Professional Qualifications Directive, people wishing to provide a service in another Member State are often required to send in a prior written declaration, with documents enclosed to the competent authority in that Member State. The profession of tourist guide, for example, is a highly mobile profession that is affected by this requirement. In the context of the ongoing evaluation of the Professional Qualifications Directive, the Commission is looking at the possibility of introducing a professional card that would mean significantly less red tape. In this example, the individual tourist guide could prove the recognition of his/her qualifications on the spot.

Promoting innovative social enterprise

Europe has enormous potential for developing social entrepreneurship. The last decade has seen many innovative projects by individuals, foundations and big businesses, offering creative solutions to problems of social and economic exclusion. Projects improving access to healthy food, housing, health care, jobs and banking services have created win-win solutions for all parties concerned. The Commission will propose a new initiative to support the development of social enterprises by including social objectives in public procurement rules, promoting ethical and “green” labeling. It will also encourage banks and financial institutions to open up social investment funds and make use of dormant savings. To foster more cross-border action, the Commission will look at the possibility of European statutes for organizations that contribute to the social economy such as cooperatives and mutual societies and it will propose a regulation on the statute for a European foundation.



Social enterprise in Germany

In Europe more than 1 in 5 people find travelling difficult due to old age, disability or reduced mobility. Simple tasks such as checking luggage or boarding a plane can be insurmountable obstacles to someone with a disability. A German travel agency has been catering to people with special needs in the travel business for over ten years. They offer guided tours to people with reduced mobility, such as those in wheelchairs as well as the visually impaired. The agency coordinates transport and assistance and books accommodation with accessible and flexible facilities.



CONSUMERS

A single market for mortgages with more consumer protection

Taking out a mortgage loan is one of the most important financial decisions in life, committing customers for twenty years or more. Current practice in mortgage lending could be improved. Irresponsible lending can have serious social and economic consequences for customers and society. There is a lack of transparency in mortgage markets, limiting consumer choice and confidence. Cross-border lending remains at a low level while administrative hurdles and extra costs are too high.

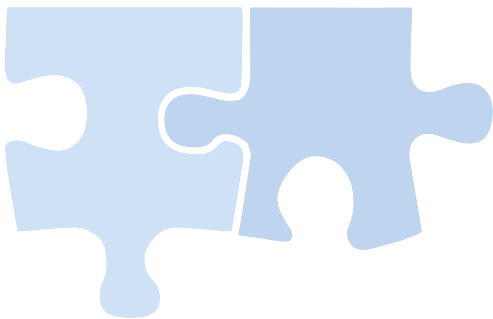
Despite their rights under single market rules, citizens are frequently denied credit when purchasing property inside the EU. Also, substantial divergence exists between Member States on prices and product choice and on the interpretation of regulation with respect to different clients (including non-banking clients and financial intermediaries).

The Commission will propose a Directive early in 2011 in order to create a truly integrated mortgage market.

Easier access to banking services, more transparency on banking fees

Consumers, particularly students, face problems with opening bank accounts in other countries, usually because they are non-permanent residents in the given Member State. Another problem in the banking sector is the current lack of transparency on banking fees. Complex fee systems prevent customers from comparing prices, so they cannot switch to banks where they might get better deals. Research on bank account fees shows greater price divergence in banking than in any other sector.

The Commission will address problems of access to current accounts in a legislative proposal on basic payment accounts at the beginning of 2011. The Commission has also invited the banking industry to come forward with plans for self-regulation on improving transparency in banking fees by the end of 2011.





Citizens' difficulties with opening bank accounts



A German pensioner living in Spain tried to open a bank account with a German bank for receiving her pension but was told she needed a permanent residence in Germany to do so.

A Belgian resident owning a flat in London wanted to open a bank account with a UK bank to handle her rental income but was refused on grounds of not being a UK resident.

A request to open a bank account by a Romanian student in France was rejected by a French bank on the basis of the person's nationality.

Resolution of conflicts, online and collective redress

We want consumers to feel at ease when making cross-border purchases. A prerequisite is knowing you can assert your rights in case of problems. A recent survey estimated a loss of €40 million borne by consumers whose cross-border purchase went wrong. Alternative dispute resolutions can provide easy, quick and low-cost solutions. However, neither consumers, nor businesses are sufficiently informed about existing options.

Particularly in cases of problems with financial institutions, consumers often have to go through expensive and heavy judicial procedures to get their rights recognized.

In 2011, the Commission will propose initiatives for alternative dispute resolution in the EU. The aim is also to establish a European system for online conflict resolution by 2012. To address the current situation in the financial sector, the Commission will adopt a recommendation to bring judicial costs down and simplify procedures for cross-border alternative dispute resolution. It will also draw conclusions on its consultation on collective redress and look at possible consumers' benefits when taking joint action.



The goal of the Single Market Act is to propose a new framework for dialogue and reflection to meet the needs of all Europeans. The Commission's aim is to open the floor more to stakeholders in all corners of Europe, including those who up to now have sometimes felt excluded from discussions on single market policy.



PART 3.

**DIALOGUE,
GOVERNANCE AND THE
SINGLE MARKET**



Using new technology to make the single market work

On an administrative level, good coordination is needed between the Commission and Member States. We should take advantage of new electronic tools and use them to simplify administrative procedures to become more efficient. Good practice already exists that could be multiplied elsewhere.

The 'Internal Market Information System' (IMI) is one such system, where an electronic exchange system helps administrations to understand and interpret legislation in other Member States when screening professionals and service providers wanting to work in their countries. Because of its success, the Commission is developing a strategy to expand IMI and its online tools to other sectors so that it becomes a real "face-to-face" network.

More generally, a partnership between the Commission and the Member States can improve the transposition of single market laws into national legislation. But enforcement still needs improvement. Beyond infringements, the Commission will look at alternative possibilities for conflict solving, such as through citizens' services like SOLVIT. Your Europe and the Europe Direct phone number will also remain important tools for citizens to stay informed about their rights.

Another successful working method that could be duplicated elsewhere is the 'mutual evaluation' system used by Member States, in partnership with the Commission, for the implementation of the Services Directive. Through an exercise of 'mutual evaluation', Member States share, compare and assess each other's reports on changes made to their national legislation to comply with the Services Directive.

How IMI works

A Slovakian travel agent wanted to open a travel business in Hungary. In order to do so he had to draw up a declaration proving that he had the required professional qualifications. The Hungarian Trade Licensing Office, however, had doubts about his qualifications and wanted to verify them. They logged on to the IMI system and checked with their Slovakian colleagues, who on the same day could confirm his qualifications were recognised. The Slovakian travel agent could start immediately.





Conclusion

The Single Market Act is a proposal for an ambitious political programme. It is a commitment by the Commission to work in partnership with the European Parliament, the Member States, national parliaments and all other stakeholders including businesses, trade unions, consumers and NGOs, to generate more opportunities in the single market. Every year, the European Commission together with the European Parliament will host a Single Market Forum for all partners to evaluate this work in progress.

At the end of 2012, we will celebrate the 20th anniversary of the single market, not by blowing out candles on a cake, but by delivering results for Europe's citizens. By then, we will already be preparing ourselves for the next phase of deepening our renewed single market.



European Commission

Single Market Act Booklet

Luxembourg: Publications Office of the European Union

2010 — 40 pp. — 11.4 x 16.2 cm

ISBN 978-92-79-16933-5



Links

www.ec.europa.eu/internal_market/sma/

markt-sma@ec.europa.eu



ec.europa.eu/youreurope



Publications Office

ISBN 978-92-79-16933-5



9 789279 169335