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Dear President,

Following a four-month period of public debate and the receipt of over 800 written contributions, the European Commission has just adopted the Single Market Act.

Our aim is to bring about together renewed growth, whilst ensuring that the single market operates more smoothly and efficiently in every respect.

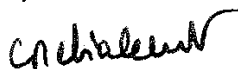
I use the word 'together', since – under the authority of the Commission President, José Manuel Barroso – around twenty Commissioners are involved in each of their areas of competence. 'Together', since we are offering the other EU institutions a proper partnership with a view to implementing the most urgent measures without delay. And 'together', since none of this will work unless – in each Member State – politicians, economic operators, the social partners and all those active within civil society make renewed growth their objective.

We have identified twelve 'levers' designed to modernise the single market and – for each of those 'levers' – a key action which we wish to propose before the end of this year and implement before the end of 2012. In the Single Market Act, additional actions are also developed for each lever, that will be delivered consecutively.

In writing to you personally, I should like to thank you for your contribution to the debate and to request your full commitment to pursue our efforts towards this renewed growth.

Together with the staff of my cabinet and my Directorate General, I shall be pleased to deal with any requests you may have.

Yours sincerely,



Michel BARNIER

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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS**

Single Market Act

Twelve levers to boost growth and strengthen confidence

"Working together to create new growth"

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1. INTRODUCTION

At the heart of the European project since its inception, the common market – which has now become the **internal market** – has for over 50 years woven strands of **solidarity between the men and women of Europe, whilst opening up new opportunities for growth for more than 21 million European businesses**. An area of free movement for goods, people, services and capital, the internal market has been further developed since 1993 by the consolidation of economic integration, the Euro and solidarity and cohesion policies. Today more than ever it has become a **part of people's everyday life** in their professional and private activities and as consumers. It is the **real growth engine within the European economy**.

Nevertheless, **the internal market has shortcomings**, which were highlighted by Mario Monti in his report "*A New Strategy for the Single Market*" and by the European Parliament in Louis Grech's report "*Delivering a single market to consumers and citizens*".¹

An Action Plan to relaunch growth and strengthen confidence

To remedy these shortcomings we must give the single market the opportunity to develop its full potential. To this end, a **proactive and cross-cutting strategy** should be developed. This means **putting an end to market fragmentation and eliminating barriers and obstacles to the movement of services, innovation and creativity**. It means **strengthening citizens' confidence in their internal market and ensuring that its benefits are passed on to consumers**. A better integrated market which fully plays its role as a **platform** on which to build European competitiveness for its peoples, businesses and regions, including the remotest and least developed². There is an **urgent need to act**. Despite the European Union's swift reaction to the crisis and the reforms which are now well under way (especially in financial markets and economic governance), the crisis could have a lasting effect on potential growth and on unemployment, affecting both the standard of living of Europeans and their future³. In response, **the European Union has adopted a strategy – Europe 2020** – setting itself ambitious goals for **smart, sustainable and inclusive growth**⁴. But these objectives can be achieved only if the Union and the Member States carry out **urgent structural reforms**. **Priority must be given to those measures likely to foster growth and employment**. In its Annual Growth Survey⁵ the Commission stressed the need for a global response to the crisis, to which the single market is called upon to contribute decisively by leveraging its growth potential. The European Council stressed this role in its Conclusions of 24/25 March 2011: "The Single Market has a key role to play to deliver growth and employment and promote competitiveness ... Particular emphasis should be laid on measures which create growth and jobs and bring tangible results to citizens and businesses"⁶. The single market provides the framework and the tools for implementing these reforms.

¹ A7-0132/2010

² The Commission entrusted P. Solbes with the preparation of a report on the situation in these regions.

³ Medium-term potential growth is estimated at 1.5% up to 2020. 9.6% of the active population is unemployed. Commission Communication "Annual Growth Survey: advancing the EU's comprehensive response to the crisis", pages 2 and 3.

⁴ COM (2010)2020.

⁵ Communication "Annual Growth Survey" (COM(2011)11).

⁶ European Council Conclusions of 24/25 March 2011, EUCO 10/11, paragraph 7.

A fruitful and stimulating public debate

In order to tackle these challenges, the Commission put **50 proposals** up for debate. These were set out in the Communication "**Towards a Single Market Act**"⁷.

The public debate took place at European, national and local levels. There were more than 800 responses to the public consultation on the Single Market Act, reflecting the points of view of Member States, non-governmental organisations, social partners at national and European level, local and regional authorities, industrial and professional organisations, trade unions, businesses, consumer organisations, think tanks, academics and many individuals⁸. The consultation revealed **high expectations from civil society**, in terms both of the development of the Single Market's potential to foster **growth and employment** as well as the **social dimension** of the internal market and the protection of public services. Priorities identified by respondents in the economy confirm strong support for the common goal of a **highly competitive social market economy**.

In its Conclusions of 10 December 2010⁹ the Council endorsed the general thrust of the Single Market Act, putting the Single Market on a solid economic and social footing in a highly competitive economy. The Council undertook to examine further the Single Market Act, in order to define as quickly as possible – in partnership with the European Parliament and the Commission – priority objectives to put in place before the end of 2012. In its 6 April 2011 resolutions¹⁰ based on the reports by MEPs Sandra Kalniete, Cristian Silviu Busoi and Antonio Fernando Correia de Campos, the European Parliament set out its priorities for developing a single market for Europe's citizens, businesses and growth, in a framework of partnership and governance.

Twelve levers to boost growth and strengthen citizens' confidence

On the basis of the contributions made during the public debate, the views and conclusions of the European Parliament and Council, and the opinions of the Committee of the Regions¹¹ and the European Economic and Social Committee¹², the Commission has identified **twelve levers**. **In order to boost growth and reinforce citizens' confidence, the Commission proposes that the EU should adopt a key action for each lever by the end of 2012.**

In 2011 the Commission will present the necessary legislative proposals for the implementation of those key actions, **so that the Parliament and Council can respond to the invitation from the European Council to adopt a first series of priority measures to relaunch the single market by the end of 2012**¹³.

This priority-setting does not mean that the Commission is giving up on other actions identified in its Communication "Towards a Single Market Act" that will enable the Single

⁷ COM(2010)608.

⁸ See the attached report on the Public Consultation on the Single Market Act.

⁹ Council Conclusions on the Single Market Act (17799/10).

¹⁰ "Governance and Partnership in the Single Market" (P7_TA-PROV(2011)0144), "A Single Market for Europeans" (P7_TA-PROV(2011)0145), and "A Single Market for Enterprises and Growth" (P7_TA-PROV(2011)0146), respectively.

¹¹ CdR 330/2010 – ECOS-V-009

¹² CESE 525/2011 – INT/548

¹³ European Council Conclusions of 24/25 March 2011, EUCO 10/11, paragraph 7.

Market to become the platform for growth and job creation. While responding to the urgent need to act for growth and jobs, **the Action Plan is only a first step in that direction.**

Work will have to continue and we should prepare as of now for the next step. The Commission will present further measures that respond to the needs identified and make a significant contribution to the relaunch of the Single Market. At the end of 2012 it will take stock of the progress of the current Action Plan and will present a programme for the next stage. All these measures together will provide a coherent political response to the gaps in the Single Market by presenting a model for sustainable, smart and inclusive growth in the framework of the Europe 2020 Strategy.

Sustainable growth

All these reforms should contribute to sustainable development, based on a **highly competitive social market economy**¹⁴. They should contribute to **social progress and employment** and to **improving the environment and fighting climate change**. They should **strengthen the external dimension of the internal market**. They should also ensure **tangible benefits for citizens**, for whom they are intended. Public support for the European integration project depends on it.

Smart growth

These reforms will **complement and reform the Single Market, adapting it to the challenges of the 21st century** (in particular in the **digital economy**), giving our industry the means to be more competitive in international markets and providing Europe with essential infrastructure necessary to ensure free movement of people and goods. They should also encourage innovation and creativity, which contribute to the **revival of a strong industrial economy** in Europe and the development of a **competitive services-based society**.

Inclusive growth

These reforms will **facilitate the creation and development of small and micro-enterprises**, which are the **backbone of national and European economies**. Continued efforts towards **smart regulation and cutting red tape** will be central to these reforms. They will **solve the practical difficulties of Europeans** and ensure that integration does not occur at the expense of social rights but rather that the reforms contribute to a society that stands together in greater solidarity.

To this end, **the Commission will continue to improve its coverage of the social dimension of the impact assessments which accompany legislative proposals concerning the internal market**. It will ensure that its legislative proposals include a reference to social policies and social rights, where this is justified in the light of those assessments. It will take account of Articles 8 and 9 of the Treaty on the Functioning of the European Union (TFEU) and of the Charter of Fundamental Rights of the European Union. Under those fundamental rights, workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to take collective action in cases of conflicts of interest to defend their interests, including strike action¹⁵.

¹⁴ Article 3(3) of the Treaty on European Union.

¹⁵ Article 28 of the Charter.

Inclusive growth also means paying particular attention to the needs of people with disabilities so that they can benefit from the single market; for instance, passengers with reduced mobility must be able to travel more easily, and the visually impaired must have wider access to the written word.

An integrated strategy

The Commission has already taken several major actions in the form of the seven flagship initiatives of the Europe 2020 Strategy. The initiatives undertaken (such as the 2011 Energy Efficiency Plan¹⁶ or the review of the Small Business Act for Europe¹⁷), which touch on all areas associated with the economic recovery, gradually pave the way towards new forms of growth. Financial markets will play a key role in this regard and reforms undertaken in the field of financial services regulation – putting it at the service of sustainable growth¹⁸ – will continue.

2. TWELVE LEVERS TO BOOST GROWTH AND STRENGTHEN CONFIDENCE

2.1. Access to finance for SMEs

Key action

Legislation designed to make it easier for venture capital funds established in a Member State to invest freely in any other Member State, without obstacles or additional requirements. Its objective is to ensure that SMEs wanting to use venture capital can call upon funds with the necessary expertise for the sector and the capacity to offer capital at an attractive price¹⁹.

The European Union's 21 million SMEs represent a major asset for sustainable growth and job creation. Difficulty in accessing finance is one of the main obstacles that prevent SMEs from launching new products, strengthening their infrastructure and taking on more employees²⁰. This situation is equally true of well-established SMEs and those that are innovating and rapidly expanding.

In Europe, most well-established SMEs have access to bank finance, which has become more restricted owing to the financial crisis. This is why the Commission, in its revision of the **Small Business Act** (adopted in February), pledged to evaluate the impact on SMEs of all proposals for the regulation of financial services (such as capital requirements imposed on banks) and to calibrate them appropriately.

Facilitating access to funding for rapidly expanding SMEs is a requirement of the utmost importance because such SMEs – and innovative SMEs in particular – play a crucial role in the development of an innovative, sustainable economy. In order to access the funds needed

¹⁶ COM (2011)109.

¹⁷ COM (2011)78.

¹⁸ See Communication of 2 October 2010: "Regulating financial services for sustainable growth" (COM(2010)301final) and the progress report published in February 2011 (http://ec.europa.eu/internal_market/finances/docs/110209_progress_report_financial_issues_en.pdf).

¹⁹ See also the flagship initiative "Innovation Union" (COM(2010)546).

²⁰ According to a 2009 Eurobarometer study, difficulties in accessing finance are quoted as the second most important obstacle to business growth.
http://ec.europa.eu/public_opinion/flash/fl_271_en.pdf

to make their innovations marketable, these businesses often seek access to capital markets beyond bank financing. Venture-capital markets could supply capital, but they are not sufficiently well developed in Europe. Venture capital funds encounter significant difficulties in raising capital abroad and operating across borders because of the multiplicity of national regulatory regimes and tax barriers. This key action will be implemented in close cooperation with the SME Finance Forum.

SME financing will be the subject of an action plan. It will cover not only access to different financing sources but also SME financing tools directly and the creation of an environment that is conducive to development and growth for SMEs.

The Transparency Directive, the Regulation implementing the Prospectus Directive and the Market Abuse Directive should also be revised in order to make the obligations applicable to listed SMEs more proportionate, whilst guaranteeing the same level of investor protection. In addition, special conditions calibrated to negotiating platforms intended for SMEs should be introduced in the revision of the **Markets in Financial Instruments Directive (MiFID)** in order to create a quality label for those markets and to facilitate the development of a network.

2.2. Mobility for citizens

Key action

Legislation modernising the system for recognising professional qualifications²¹. The aim is to simplify procedures for the mutual recognition of mobile workers, modernise the legislative framework, review the scope of regulated professions and strengthen trust and cooperation between Member States. The creation of a European professional card would particularly encourage the mobility of professionals, whilst boosting confidence between the competent authorities of the Member States and ultimately benefiting consumers and employers.

Mobility and workers' qualifications respond to the need to relaunch growth in Europe. Increased mobility of skilled labour will make the European economy to become more competitive. Too many regulatory barriers still prevent Europeans from working wherever they wish in the European Union, whilst many highly skilled jobs remain unfilled. The economy could benefit more from temporary labour mobility if it were better promoted and facilitated through a clearer framework. Furthermore, when it comes to non-regulated areas, it is important that efforts continue on correspondence between national certification systems, via the European Qualifications Framework, in order to facilitate qualifications comparability in the case of mobile workers.

The current situation on the labour market, marked by the economic crisis and an ageing population, is characterised by a shortage of labour and the difficulties experienced by employers wishing to recruit staff with appropriate skills. In this context, citizens must be able to take up a new job in another Member State quickly. For this to happen, they need to have their qualifications and professional experience recognised in all the Member States.

In order to facilitate mobility, citizens must also be able to establish and keep their **complementary pension rights (portability)**, even in the event of subsequent move to

²¹ See also the flagship initiative "An agenda for new skills and jobs" (COM(2010)682)

another Member State. The full commitment of the European Parliament and the Council will be vital to respond by 2012 to citizens' high expectations.

Accordingly, and as a follow-up to its 2010 Green Paper²², the Commission will publish a White Paper on pensions which – amongst other things – will address the question of pension rights protection and encourage Member States to set up pension tracking services which will help citizens follow the development of their pension rights. Legislative measures will then be proposed in the course of 2012 to enhance the protection of pension rights. At the same time the Commission will also review the Directive on institutions for occupational retirement provisions (IORPs) in order to enable both workers and employers to make the most of the single market.

The Commission has also proposed a set of measures to favour mobility in its flagship initiative "An Agenda for skills and jobs", including the creation of a "**European skills passport**" recording the assets and skills acquired by an individual in the course of his or her life²³.

Youth mobility, particularly in the case of those who left school without qualifications, should also be facilitated. The Commission will propose a Council **Recommendation** on the promotion and validation of **non-formal and informal learning**²⁴.

2.3. Intellectual property rights

Key action

*Legislation setting up a unitary patent protection for the greatest possible number of Member States and a unified patent litigation system with the objective of issuing the first EU patents in 2013*²⁵.

Intellectual property is a property right recognised in the Charter of Fundamental Rights²⁶. It is just as important as raw materials or the industrial base: between 45% and 75% of the value of large enterprises is linked to their intellectual property rights²⁷. Industries that make intensive use of IPR play a strategic role in the sustainable development of our economies. Not only do they lead to innovation, they also generate significant added value and offer stable and highly qualified employment. Salaries in these industries are on average 60% higher than in other sectors.

The protection of intellectual property rights encourages investment in the development of innovative services and products and ensures a fair return on investment. A regulatory framework will be introduced to provide effective protection for those rights, with due regard for fundamental rights. The framework, which at the same time must enable information, products and services to be distributed in compliance with competition law, will have to constitute one of the EU's top priorities.

²² "Towards adequate, sustainable and safe European pension systems" (COM(2010)365).

²³ See COM(2010)682.

²⁴ See also the flagship initiative "Youth on the Move" (COM(2010)477).

²⁵ See also the flagship initiatives "An Innovation Union" (COM(2010)546) and "An Integrated Industrial Policy for the Globalisation Era" (COM(2010)614).

²⁶ Article 17 of the Charter of Fundamental Rights.

²⁷ Source: http://www.wipo.int/sme/en/documents/valuing_patents.htm

The current situation – characterised by a multiplication of patents and national patent litigation systems – is costly and inefficient and it generates legal insecurity, which makes putting in place a single patent and a unified system for litigation the absolute priority in this field. A single patent would reduce costs by 80%.

Similarly, **the development of an instrument to enhance the value of intellectual property rights** would facilitate the emergence of a true European market for patents and licences. Moreover, the possibility of the intangible assets that a business holds in the form of intellectual-property rights being fully recognised as loan collateral is a desirable objective.

Meanwhile, **current systems for the granting of copyright licences** for legal on-line services should also be simplified and made transparent²⁸. In the internet age, collective management must be able to evolve towards European models which facilitate for licences covering several territories for a multitude of on-line services, whilst at the same time providing a high level of protection for rights holders. The new flexibility provided by an updated legal framework will enable new business models to emerge, leading to a wider and targeted distribution of creative content to more mobile consumers. In addition, the creation of a digital version of the catalogues of European cultural institutions, including of **orphan works**, should be facilitated.

The promotion of legal services must be accompanied by European legislation to **combat piracy and counterfeiting more effectively**, in particular by enhancing the role of the European Observatory on Counterfeiting and Piracy and improving cooperation between authorities²⁹. Customs authorities should be able to provide greater protection for intellectual-property rights through revised legislation. It is estimated that piracy and counterfeiting cost European businesses EUR 250 billion each year³⁰.

The **European trademark system** should also be modernised in order to improve the protection of trademarks and to make the European and national trademark systems more coherent. This will simplify procedures, reduce costs and enable the system to benefit fully from new technologies, thereby facilitating research.

These matters will be dealt with in the Communication on the strategy for intellectual property, which will be adopted by the Commission in 2011.

2.4. Consumer empowerment

Key action

Legislation on Alternative Dispute Resolution. The purpose of this is to establish simple, fast and affordable out-of-court settlement procedures for consumers and protect relations between businesses and their customers. This action will also include an electronic commerce dimension.

The Single Market is part of everyday life for consumers whenever they travel, buy goods or services or make payments. However, consumers still face with many obstacles and lack

²⁸ See also the flagship initiative "A Digital Agenda for Europe" (COM(2010)245).

²⁹ See also the flagship initiative "An Integrated Industrial Policy" (COM(2010)614).

³⁰ OECD: "Magnitude of counterfeiting and piracy of tangible products – November 2009 update", <http://www.oecd.org>

confidence in their ability to obtain redress if problems arise. To relaunch the Single Market (and the digital Single Market in particular), strengthening their trust in the application of their rights is paramount. Better application of the rules would prevent sizeable losses for consumers, which are estimated at 0.16% of the European Union's gross domestic product (GDP). Increased consumer confidence in cross-border electronic commerce would generate additional economic benefits, estimated at approximately 0.02% of the European Union's GDP (i.e. EUR 2.5 billion³¹).

In addition to alternative dispute resolution, the Commission will pursue its work on a European approach to collective redress on the basis of the results of the consultation it has launched.

In order to strengthen consumer confidence in the Single Market, other practical steps must be taken. Consumers must be confident that the goods they buy are reliable, irrespective of the place of production. The **Directive on General Product Safety** should be revised for this purpose. Similarly, businesses expect Member States to apply the same protection rules across the EU. To this end, a **multiannual Action Plan on market surveillance** (including at the EU's external borders) will be drawn up by the Commission in cooperation with customs and market monitoring authorities and will be implemented by the Member States. In order to ensure that consumers receive reliable information on the environmental performance of products, the Commission will propose – in connection with the Action Plan on Sustainable Consumption and Production – an **initiative on the ecological footprint of products**.

Passenger rights should be correctly applied in all modes of transport, including for people with reduced mobility. A Communication will be published, summarising all European Union rules relating to passenger rights for all modes of transport: aeroplane, train, boat and bus/coach. In order to better protect consumers, the Commission will in the near future propose a review of the Directive on Package Travel, with particular reference to the on-line purchase of such travel.

In addition, work on the protection of consumers of retail **financial services** will continue, with particular regard to the transparency of bank fees and better protection of borrowers in the mortgage market.

2.5. Services

Key action

Revision of the legislation on the European standardisation system, to extend it to services and make standardisation procedures more effective, efficient and inclusive³².

Standardisation is a primary tool for the free movement of goods whilst ensuring product interoperability, safety and quality. It is also increasingly used in the services sector, although mainly at national level. This can hinder the integration of the single market for services. In

³¹ Working Document "Strengthening the powers of consumers in the European Union", adopted on 7 April 2011 (SEC(2011)469) and based on Eurobarometer 342; and Commission services' estimate based on data published by the study "Mystery Shopping Evaluation of Cross-Border E-Commerce in the EU" by YouGovPsychonomics.

³² See also the flagship initiatives "An Innovation Union" (COM(2010)546), "An Integrated Industrial Policy for the Globalisation Era" (COM(2010)614) and "A Digital Agenda for Europe" (COM(2010)245).

order to avoid the emergence of new barriers and to facilitate the cross-border provision of services, particularly **business-to-business services**, such as logistics or facility management services, services standardisation should be developed at European level, taking full account of market needs. This will be a major objective of the review of the European standardisation system. Another major objective will be to establish a more effective, efficient and inclusive system. It should be possible for the standardisation system to enable standards to be adopted rapidly and to be adapted to new technologies (not least in the area of information and communication technologies), to enable SMEs and other interested parties to become more extensively involved and to ensure that standards remain accessible to all interested users.

More generally, a Single Market in services which functions well is a prerequisite for generating growth and employment in Europe. Whereas the growth of the European economy was on average 2.1% per annum between 1998 and 2008, the services sector grew on average by 2.8% per annum. Employment in this sector increased by 2% per annum, compared with 1% for the economy as a whole³³. To create a Single Market in services, the immediate priority is the **full and complete implementation of the Services Directive** in all Member States, including the establishment of Points of Single Contact. Beyond the implementation of the Directive, and in accordance with the European Council Conclusions of 24/25 March 2011, the Commission – together with the Member States – will carry out "**performance checks**" aimed at closer scrutiny of the practical functioning of the EU regulatory framework applicable to certain growth sectors such as **business services, construction and tourism**. It will carry out further assessments on reserved activities, requirements as regards capital ownership and legal form, and insurance obligations, all of which are persistent obstacles to better integration of the markets in services³⁴. On the basis of the outcome of these various initiatives, the Commission will decide in 2012 on the subsequent steps. Particular attention should also be devoted to the retail and wholesale sectors on account of their important contribution to growth and job creation. An initiative will be launched to **combat unfair business-to-business commercial practices**, in order to identify the nature and scale of the problems associated with unfair commercial practices between professional operators throughout the supply chain, list current regulations within the Member States, to assess their implementation and, finally, identify the various possible options. The goal will be to put an end to unfair practices which jeopardise the viability of businesses and stimulate the competitiveness of the various operators in the supply chains in the context of a fairer and more effective single market in the retail and wholesale sectors, while at the same time meeting consumers' and producers' expectations with regard to competitive prices. Given the importance of **business services**, the Commission will set up a High-Level Group to study the shortcomings of this particular market.

Finally, and without prejudice to the recognition of qualifications, the question of how to safeguard the quality of education provided in the context of the freedom to provide services, given the increasing use of franchising in education, will need to be examined.

2.6. Networks

Key action

³³ Eurostat

³⁴ Commission Communication (COM(2011)20) "Towards a better functioning Single Market for services".

Energy and transport infrastructure legislation serving to identify and roll out strategic projects of European interest and to ensure interoperability and intermodality.

Transport, energy and electronic-communications networks are the backbone of the single market. Indeed, efficient infrastructures foster rapid free movement of people, goods and various types of energy and data (with the allocation of a sufficient radio spectrum) at a reasonable cost. Efficient economic integration relies on the integration of efficient infrastructure networks.

A new European policy for **energy infrastructures**³⁵ is needed in order to change the way in which networks are planned and developed in the EU. Solutions need to be found for important missing links, and networks need to become smarter in order to improve energy transmission. New legislation must **facilitate the establishment of a unified smart network**, improving not only security of supply and market integration but also energy efficiency and renewable-energy consumption. More efficient and transparent authorisation procedures are essential to the successful integration of national energy networks into a single European network. Action in this area must be taken as a matter of urgency, given the time required for new projects to be authorised (often more than 10 years).

As regards transport, the actions promoted by the White Paper on transport in the period up to 2050³⁶ – which are designed in particular to eliminate obstacles to the achievement of a genuine single market encompassing all transport modes and all national systems (including smart transport systems) and to develop a modern multimodal cabotage and transport network – should be implemented. In particular, the EU still lacks a sufficiently interconnected, interoperable and efficient cross-border transport infrastructure network. A revision of the joint guidelines for the development of the Trans-European Transport Network (TEN-T) in 2011 should make it possible to eliminate the main bottlenecks, fill existing gaps and interconnect transport modes by improving project identification and the follow-up of decisions. The new guidelines will thus define a basic network of strategic European infrastructure bringing together the eastern and western parts of the European Union, thereby embodying a European mobility network and a single European transport space.

Finally, radio spectrum is essential for the digital society, for fast wireless services, for economic recovery, for growth, for high-quality jobs and for the EU's long-term competitiveness. Given the importance of the availability and efficient use of spectrum for the establishment of an internal market in electronic communications and for other EU policy areas, the Parliament and Council are called upon to adopt without delay the proposal for a **Decision establishing a radio spectrum policy programme for the strategic planning and harmonisation of the use of radio spectrum in Europe.**

2.7. The digital single market

Key action

Legislation ensuring the mutual recognition of electronic identification and authentication

³⁵ See also the Communication "Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network" (COM(2010)677 final), the Conclusions of the European Summit of 4 February 2011, the flagship initiative "A resource-efficient Europe" (COM(2011)21) and the Energy Efficiency Plan 2011 (COM(2011)109)

³⁶ See also the flagship initiative "An industrial policy for the globalisation era" (COM(2010)614).

across the EU and review of the Directive on Electronic Signatures. The objective is to make secure, seamless electronic interaction possible between businesses, citizens and public authorities, thereby increasing the effectiveness of public services and procurement, service provision and electronic commerce (including the cross-border dimension).

Strengthening confidence in electronic transactions is a necessary condition for the development of a digital single market, from which citizens, businesses and public authorities could fully benefit. What is needed in order to do this are trusted electronic services that respect privacy, provide legal certainty, ensure that transactions are secure, work across borders and are recognised by all sectors of activity, but which are cheap and easy to use and which are under the strict control of the transaction parties.

To this end, the Commission will propose a new legislative framework to ensure confidence in electronic transactions. This framework will propose **revision of the Directive on Electronic Signatures** in order to clarify its concepts, simplify the use of e-signature and remove interoperability barriers. The framework will also provide for the **mutual recognition of electronic identification and authentication services**. It will also cover the cross-border functioning of certain other trusted services. The tools proposed in the framework should be general and not linked to a specific sector, especially where **electronic identity** is concerned. The framework will be technologically neutral and open to all communication channels, including the Internet and mobile communications.

The development of digital technology is one of the main levers for boosting growth and employment in the EU in various respects: the information and communications technology industry (whose added value to the European economy was approximately EUR 600 billion in 2007³⁷), an increasing number of Europeans who use the Internet on a regular basis or even daily (65% and 53% respectively in 2010³⁸), a broadband market which was a world-leader in 2010³⁹, a market for public-sector information estimated at EUR 27 billion⁴⁰, to name just a few. The flagship initiative "A Digital Agenda for Europe"⁴¹ presents a complete set of actions which are designed ultimately to bring the digital single market into being.

Voice transmission and data transmission are increasingly becoming essential services for all Europeans. In the case of roaming charges, EU regulatory measures undertaken since 2007 have clearly contributed to lower telephone costs and to increased transparency for consumers. However, retail prices of roaming data-transmission services are still too high, forcing the majority of individuals and a significant number of businesses to refrain from using these services outside their country's borders.

The development of the digital single market is hindered by lack of consumer confidence, the prime causes of which are payment security and the enforcement of consumer rights in cross-border transactions⁴², particularly with regard to product safety and counterfeiting⁴³. This lack

³⁷ "Europe's Digital Competitiveness Report", SEC(2010)627.

³⁸ Eurostat.

³⁹ Communications Committee Working Document - "Broadband Access in the EU: situation at 1 July 2010".

⁴⁰ Study "MEPSIR – Measuring European Public Sector Information Resources" (2006), HELM Group of Companies with Zenc, for the European Commission.

⁴¹ COM(2010)245.

⁴² Flash Eurobarometer No 299 – Cross-border trade and consumer protection, September 2010, Analytical report, p. 30

of consumer confidence and the problems encountered in shopping on line in other Member States explain why e-commerce represents less than 5% of retail sales and why only 9% of Europeans have shopped on line in another Member State⁴⁴. The challenge lies in providing a genuine single market for all citizens, including the most vulnerable or those residing in isolated areas. Accordingly, the Commission will present an Action Plan for the development of **electronic commerce**. The relevant Communication will assess the implementation of the e-Commerce Directive and analyse the challenges that need to be met: micro-payments, security of on-line payments, personal-data protection, the fight against counterfeiting, order delivery, liability of service providers on the internet and consistency of EU law affecting electronic commerce⁴⁵. The Commission will also propose measures to promote the development of a single space for payment cards and other innovative forms of payment.

Discrimination based on geographical location (particularly in the field of e-commerce) must be abolished. The Commission will present **Guidelines**⁴⁶ to remove unjustified discrimination where this is based on nationality or place of residence, in particular in e-commerce.

Finally, the Directive on re-use of Public Service Information (PSI⁴⁷) introduced the basic conditions for the re-use of the wide range of data produced by public authorities, which can stimulate the content and services markets if they are made available in a transparent and non-discriminatory manner⁴⁸. Revision of that Directive will enable public-sector information to become an important source of opportunities and growth for many other innovative sectors.

2.8. Social entrepreneurship

Key action

Legislation setting up a European framework facilitating the development of social investment funds, which would scale up the impact of national initiatives by opening Single Market opportunities to them (access to investment opportunities and to investors from all Member States).

The internal market is based on a "highly competitive social market economy", which reflects the trend towards inclusive, socially fairer and environmentally sustainable growth. New business models are being used, in which these societal concerns are taking precedence over the exclusive objective of financial profit. This trend must be reflected in the single market. A level playing field must be ensured and initiatives, which introduce more fairness in the economy and contribute to the fight against social exclusion, should be supported. The tremendous financial lever of the European asset-management industry (EUR 7 000 billion in 2009) should be used to promote the development of businesses which have chosen – above and beyond the legitimate quest for financial gain – to pursue objectives of general interest or

⁴³ See also the conclusions of the Communication "Cross-Border Business to Consumer e-Commerce in the EU" (COM(2009)557 – http://ec.europa.eu/consumers/strategy/docs/COM_2009_0557_4_en.pdf

⁴⁴ 5th Consumer Scoreboard - http://ec.europa.eu/consumers/strategy/docs/5th_edition_scoreboard_en.pdf.

⁴⁵ The initiative on European contract law will be among the actions envisaged in order to reduce regulatory obstacles to electronic commerce.

⁴⁶ On the implementation of Article 20 of the Services Directive.

⁴⁷ 2003/98/CE of the European Parliament and Council of 17 November 2003.

⁴⁸ For example, maps and itineraries that are available online or in GPS would not be developed to the same extent if the PSI Directive had not created the conditions for public-sector information to be available.

relating to social, ethical or environmental development. In order to ensure a level playing field, the Commission will present a legislative proposal on the transparency of the social and environmental information provided by companies in all sectors.

In order to expand and meet its objectives, the social economy sector in the Single Market should have at their disposal legal models adapted to their needs. The European **cooperative sector**, for example, is more vibrant than ever⁴⁹ – although the slow take-up of the Statute for a European Cooperative Society must be looked into. **Mutual societies** operate in sectors of key importance to citizens (health, banking, insurance, etc.) but they hardly ever provide their services in more than one Member State. Nonetheless, with a 25% share of the insurance market and 70% of the total number of undertakings in the industry, they cannot be forgotten by the Single Market. **Foundations** make a strong contribution to the financing of innovative initiatives of general interest. However, they still face difficulties in establishing themselves in other Member States or pooling their assets on a cross-border basis. In order to overcome these difficulties, the Commission will present a proposal for a Regulation establishing a European Foundation Statute.

Some companies, moreover, set themselves the objective of fighting against social exclusion, whilst remaining profit-making. They are often very small undertakings acting locally, although some of them have a genuine growth and job creation potential⁵⁰. Legal instruments⁵¹ should ensure that they view the Single Market as both their breeding ground and an opportunity for growth, instead of limiting themselves within national boundaries.

Within the framework of the European Platform against Poverty and Social Exclusion⁵², the Commission will support the development of the social economy as an instrument for active inclusion by proposing, in 2011, a "**Social Business Initiative**" and by facilitating access to the Union's financial programmes for use in this area.

In 2011 the Commission will also adopt a Communication on corporate social responsibility (CSR) – a wider concept than social business – which encourages all businesses to pursue actions with social or environmental objectives as part of their daily activities.

2.9. Taxation

Key action

Review of the Energy Tax Directive in order to ensure consistent treatment of different sources of energy, so as to better take into account the energy content of products and their CO₂ emission level.

EU rules on taxation no longer reflect the realities of the Single Market in the 21st century, nor the challenges of sustainable development. They do not provide a level playing field for end-users within the internal market and do not sufficiently support energy saving or environmentally friendly energy consumption. Today it is important that taxation policy

⁴⁹ Cooperative societies alone represent more than 4.8 million jobs.

⁵⁰ Employees in social enterprises and the third sector are estimated at 7 million individuals (i.e. 4% of paid employment in Europe).

⁵¹ Public procurement rules, business-to-business relations, especially in the retail and wholesale trade (B to B), access to finance (bank credit, dedicated investment funds, orientation of private savings by initiatives such as the Big Society Bank in the United Kingdom).

⁵² COM(2010)758.

enables consumption to be directed towards a better use of energy resources, with priority being given to clean energy sources.

Furthermore, businesses which are established in several Member States must file several tax declarations and deal with several tax administrations. With its draft **common consolidated corporate tax base for businesses (CCCTB)**, the Commission plans to harmonise the methods for computing the tax base, so that the businesses so choosing can be subject to the same set of rules, irrespective of the Member State in which they are taxed⁵³. Setting up one-stop shops for taxation matters will facilitate relations between businesses and tax authorities and organise administrative cooperation between the Member States' tax authorities. Each year the CCCTB will enable EU businesses to save EUR 700 million in compliance costs and EUR 1.3 billion as a result of consolidation. In addition, companies wishing to expand beyond national borders will make savings of around EUR 1 billion. The CCCTB has been identified in the annual growth strategy as one of the growth-promoting measures to which it is vital to give priority to be adopted by the end of 2012. In this context, the full involvement of the Parliament and the Council will be of fundamental importance in order to meet companies' high expectations with respect to the simplification of their regulatory environment.

The VAT system must also be revised with a view to establishing the definitive system applicable to cross-border transactions in particular and the taxation thereof, in order to streamline the procedures relating to such transactions and place the entire commercial chain on a secure footing, in particular for SMEs. By the end of 2011, the Commission intends to identify the elements of a VAT strategy which should lead on to legislative initiatives. These would then be examined as part of the next stage of strengthening the single market after 2012.

Cross-border taxation poses a number of **problems** for **citizens**. They must be resolved. A Commission Communication on abolishing cross-border tax obstacles for citizens⁵⁴ has identified the most pressing problems, in particular double taxation, tax discrimination and the difficulty in gaining access to information and to the tax authorities of other Member States. It announced measures to solve specific problems. Possible solutions include a binding mechanism for disputes relating to double taxation, the creation of one-stop contact points for access to authorities and the tax treatment of cross-border successions.

2.10. Social cohesion

Key action

Legislation aimed at improving and reinforcing the transposition, implementation and enforcement in practice of the Posting of Workers Directive⁵⁵, which will include measures to prevent and sanction any abuse and circumvention of the applicable rules, together with legislation aimed at clarifying the exercise of freedom of establishment and the freedom to provide services alongside fundamental social rights.

In a social market economy, a more unified European market in services means being able to ensure, with no race to the bottom, that businesses are able to provide their services more

⁵³ It is estimated that the introduction of a common consolidated corporate tax base could reduce tax-related administrative costs by 67% for SMEs.

⁵⁴ COM(2010)769.

⁵⁵ See the flagship initiative "An Agenda for new skills and jobs" (COM(2010)682).

easily throughout the European Union (in particular by posting their workers on secondment), whilst at the same time providing more high quality jobs and a high level of protection for workers and their social rights.

In this regard, the legal framework relating to the posting of workers needs to be implemented more effectively to facilitate the flow of information between businesses and Member State authorities, to enable more stringent checks to be carried out and to combat abuse, with particular regard to workers' rights.

The legislation on the single market must take due account of Articles 8 and 9 of the Treaty on the Functioning of the European Union and the Charter of Fundamental Rights of the European Union, which now has the same legal value as the Treaty. Accordingly, the Commission will propose legislation applicable to all sectors which will clarify the exercise of freedom of establishment and the freedom to provide services alongside fundamental social rights, including the right to take collective action, in accordance with national law and practices and in compliance with EU law⁵⁶.

More broadly, social and territorial cohesion is a prime importance for European integration, which acknowledges that market forces alone cannot provide an adequate response to all collective needs. Services of general economic interest (SGEIs) are essential building blocks of the European social model that is both highly competitive and socially inclusive.

The European Union recognises – in particular in Article 14 of the TFEU and in Protocol No 26 to the Treaties – the importance of SGEIs in promoting the social and territorial cohesion of the Union and its Member States and the essential role and wide discretionary powers of national, regional and local authorities in providing, commissioning and organising services of general economic interest in a way that meets users' needs as far as possible, in accordance with the subsidiarity principle.

In the area of public procurement, the Commission has recently launched discussions with a view to clarifying the relationship between the rules on State aid and public procurement rules, as well as on the arrangements applicable to services provided in-house.

Furthermore, pursuant to Article 106 of the TFEU, the Commission has exclusive responsibility for ensuring that the provision and the financing of SGEIs are compatible with the Treaty principles and provisions regarding competition. Discussions have just been launched on the next revision of the package of measures on State aid for SGEIs (known as the "post-Altmark package")⁵⁷. The future reform should serve the dual purpose of providing clarification and following a differentiated and proportionate approach. Hence, the Commission envisages providing – if necessary – clarifications on various relevant key concepts and making the degree of detail in the assessment of State aid proportionate to the nature and scale of the services provided.

⁵⁶ The initiative could use the solutions in Regulation (EC) No 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among the Member States as a starting-point.

⁵⁷ Commission Communication of 23 March 2011, "Reform of the EU State Aid Rules on Services of General Economic Interest" (COM(2011)146).

In a Communication to be adopted by the end of 2011, the Commission will present measures designed to better ensure that SGEIs, including social services of general interest (SSGIs), have a framework enabling them to perform their tasks.

The Commission will therefore examine the measures to ensure, in conjunction with Article 14 and Protocol No 26, that all citizens have affordable access to essential everyday services which they need in order to participate in economic and social life, with due regard for the vital role of the Member States in providing, commissioning and organising such services. This response will take into account the changing needs of Europeans.

The Commission notes that not all citizens are able to participate actively in the single market. For example, access to basic banking services – which has become an essential condition for participation in economic and social life – is not available to all. The Commission will therefore present an initiative concerning access to a basic payment account for all citizens at a reasonable cost, wherever they live in the EU.

2.11. Business environment

Key action

Simplification of the Accounting Directives as regards financial information obligations and reduction of the administrative burden, particularly for SMEs.

In its Conclusions of 24/25 March 2011, the European Council stressed the need to reduce the regulatory burden, in particular for SMEs, at both European and national levels. The Commission will report on this issue by the summer⁵⁸. The advantages of the Single Market depend on the ease with which persons, goods, services and capital can circulate freely from one Member State to another. The objective of Single Market policy is to facilitate free movements not only through the abolition of market barriers, but also through the creation of a regulatory environment which minimises administrative burdens.

The main aim of the proposed revision of the Directives on accounting rules is to reduce the administrative burden stemming from accounting requirements on micro- and small public limited companies and limited liability companies. The potential savings generated by this proposal amount to EUR 1.5 billion per year for 1.1 million small companies and EUR 5.2 billion per year for 5.9 million micro-enterprises⁵⁹. These savings would be mainly due to easier financial reporting requirements on these micro- and small enterprises. In addition, the review of the Directives will also improve the clarity and comparability of the financial statements of small- to large-sized companies across the EU. In addition, the Commission proposal to exempt micro-enterprises from the provisions of the accounting Directives should be adopted by the Council and the Parliament.

The introduction of harmonised EU rules replaces a set of 27 national rules and therefore in itself constitutes a reduction in the regulatory burden. Further efforts are being made to reduce the administrative burden stemming from EU rules⁶⁰. The Commission has therefore proposed

⁵⁸ European Council Conclusions of 24/25 March 2011, EUCO 10/11, paragraph 7.

⁵⁹ Figures based on an October 2010 study by the Centre for Strategy & Evaluation Services (CSES) and on a report on the EU project on reference measures and lower administrative costs which was carried out by Capgemini, Deloitte and Ramboll in February 2009.

⁶⁰ See also the European Strategy for the simplification of the regulatory environment (COM(2005)535).

drawing up a **European Private Company Statute (EPC)**, the adoption of which requires action by the EU Council.

The Commission has adopted a "**Small Business Act**"⁶¹ to facilitate the activities of SMEs. This introduced the "Think Small First" principle in all European policies and includes a range of practical steps designed to make SMEs more competitive in the single market.

An **optional European contract law instrument** should be introduced to facilitate cross-border transactions in the Single Market. A Regulation should also be adopted to simplify the **cross-border recovery of debt**. This would further simplify existing rules, to the benefit of citizens and businesses which would like to have more legal certainty in this area.

2.12. Public procurement

Key action

Revised and modernised public procurement legislative framework, with a view to underpinning a balanced policy which fosters demand for environmentally sustainable, socially responsible and innovative goods, services and works. This revision should also result in simpler and more flexible procurement procedures for contracting authorities and provide easier access for companies, especially SMEs⁶².

In Europe, public authorities spend around 18% of GDP on goods, works and services. Under EU and national procurement legislation, public procurement has been opened up to fair competition, resulting in better quality and lower prices for citizens.

Given the vast number of procured goods, services and works, public purchasing can be used to boost demand for goods, services and work which are environmentally sustainable, socially responsible and innovative. In other words, public procurement can be used as a lever for developing a Single Market which is greener, more social and more supportive of innovation. There is also a need to examine ways of simplifying procurement procedures and introducing greater flexibility in order to make public purchasing more efficient. At the same time, this simplification must be carried out in a way that does not close procurement to cross-border competition. Access to such contracts must be made easier (especially for SMEs and cross-border suppliers), including for joint purchases by different procurers. Currently, the proportion of public contracts which are awarded to suppliers from other Member States is still quite low, in particular in comparison with the level of import penetration in private procurement.

Service concessions represent an important share of economic activity in the EU⁶³ and are the most common form of public-private partnerships. A specific legislative framework will provide greater legal certainty for this type of partnership.

Opening up public procurement generates benefits at global and European levels. In order to ensure that that process takes place in a spirit of reciprocity and mutual benefit (offering European and foreign businesses equal opportunities and guaranteeing fair competition),

⁶¹ See also "An Integrated Industrial Policy for the Globalisation Era" (COM(2010)614).

⁶² See also the EU flagship initiatives "Innovation Union" (COM(2010)546) and "An Integrated Industrial Policy for the Globalisation Era" (COM(2010)614).

⁶³ According to cautious estimates, at least EUR 138 billion between 2000 and 2006.

European legislation on the access of third-country businesses to European public procurement procedures must also be introduced, which will enable commitments to be made within a European context.

3. THE CONDITIONS FOR SUCCESS; A STRENGTHENED GOVERNANCE OF THE SINGLE MARKET

For the proposed actions to produce the effects expected in terms of growth and jobs, the conditions for their development and efficient implementation must be met. There are four such conditions: (1) a better dialogue with civil society as a whole; (2) a close partnership with the various market participants; (3) efficient provision of information for citizens and enterprises; and (4) closer monitoring of the application of single-market legislation.

Involve civil society and promote a culture of evaluation

The public consultation has clearly highlighted the **willingness of civil society to be more closely involved in the development of the single market** than it has been in the past⁶⁴. In order to signal its firm commitment in this direction, the Commission will regularly publish a list of citizens' and enterprises' 20 main expectations *vis-à-vis* the single market, based on their practical experience. This list – which the Commission will submit to the **Single Market Forum** – will really enable **the state of the single market to be gauged**. The Single Market Forum will periodically gather together market participants, e.g. businesses, social partners, non-governmental organisations and those representing citizens, public authorities at various levels of government and parliaments. It will examine the state of the single market (in particular the transposition and application of directives) and will exchange best practice. It will contribute to the development of a policy-evaluation culture and as such will play its part in monitoring the Single Market Act and will help to measure the impact which that Act has at grassroots level. The work of the Ombudsman will also contribute to that evaluation. In order to improve monitoring and evaluation, the Commission will use the set of indicators listed in Annex 2.

The **social partners** should also have an enhanced role, by having the opportunity to present their positions on issues relating to economic and social cohesion.

Create partnerships and encourage cooperation

The need to strengthen and deepen **partnerships between all single-market participants** – in particular between the Member States and the Commission – has been emphasised by the territorial authorities, who have made it quite clear that they wish to be fully involved in the development of single-market policies. This will mean involving them more extensively in consultations on specific Commission proposals and improving ways of facilitating and encouraging cooperation between national authorities at the level where individual decisions are taken, i.e. often at territorial level. To that end, **the legal certainty of the electronic information exchange system (IMI) – which already links 6 000 authorities – will be increased**. Preferential use should be made of this system as a partnership tool for implementing Single Market rules in future Commission proposals. The technological

⁶⁴ Consultation and dialogue with civil society was considered as the most important topic amongst the 50 SMA actions, based on the highest number of responses on line (312 out of 740).

possibilities of automatic translation should be developed, in order to facilitate exchanges between authorities.

Better information for better implementation of Single Market rules

The Single Market could contribute more to growth if all the Single Market *acquis* (in particular the European legislation currently in force) were implemented by all Member States and **businesses and citizens were able to reap its full benefits**. Businesses and citizens are the first in line to assert their rights, but in order to do so they need to know their rights, to be in a position to exercise them and to find assistance whenever their rights are not upheld. The Commission will develop its single entry point ("*Your Europe*") in partnership with the Member States, so that it becomes the single information and assistance point at European and national level. Improvements must also be made to the conditions under which practical solutions can be brought about rapidly and without cost to the citizens and enterprises whose rights are not being fully upheld. This is important if people are to trust the Single Market and be willing to engage with it. To this end **the Commission and the Member States will bolster the "Solvit" network linking national authorities**.

A level playing field for uniformly applied rules

The use of alternative dispute resolution systems should be systematic⁶⁵. However, where difficulties persist and are the result in particular of problems of a more structural nature originating in national legislation, it is for the Commission to make full use of the procedures provided for in Article 258 of the Treaty (TFEU). During the consultation on the Single Market Act, stakeholders insisted on the importance of **ensuring a level playing field for all** in the Single Market and criticised a number of obstacles. The Commission will therefore initiate a more determined policy in this field and will call on the Member States to improve the transposition of – and compliance with – their national legislation, using numerical targets. This approach has already enabled the transposition deficit to be reduced to 1%. More efforts must be made now. As called for by the European Parliament, thorough and comprehensive implementation of Single Market legislation by all Member States requires by 2012: (i) the notification by Member States of correlation tables to be made public; (ii) numerical targets limiting the transposition and compliance deficit for national legislation to 0.5%⁶⁶ for the transposition deficit, and 0.5%⁶⁷ for the compliance deficit, respectively; (iii) more effective application of infringement proceedings through numerical targets relating to the stages of the procedure.

In addition, the mutual evaluation tool may be proposed by the Commission for the transposition of directives concerning a key sector in which national laws are particularly numerous.

Global rules

The success of the Single Market and of European businesses in international competition depend on the European Union's ability to ensure that its internal and external policies are

⁶⁵ The EU Pilot network between the Commission and some Member States is an effective means to try and solve disputes before resorting to infringement procedures. It is systematically used by the Commission, which wishes to extend it to all Member States.

⁶⁶ The average deficit was 0.9% in 2010 and a quarter of the Member States have already achieved 0.5%.

⁶⁷ The average deficit was 0.7% in 2010.

consistent and complementary. The Commission will continue pursuing its policy of promoting regulatory convergence and will actively promote the wider adoption of international standards. It will negotiate trade agreements with a particular focus not only on market access but also on regulatory convergence. Special attention should be paid to the candidates for accession to the European Union (who will be expected to adopt the *acquis communautaire*) and also to countries in the EU neighbourhood and to the Union's strategic partners, in order to promote economic integration and improve mutual market access and regulatory approximation, particularly on the basis of more far-reaching free-trade agreements.

4. NEXT STEPS AND CONCLUSION

Setting priorities for the coming 18 months does not prevent us from already considering the steps beyond 2012. Indeed, the Single Market should be reoriented and boosted to serve the objectives of the Europe 2020 Strategy, which sets out objectives for the next 10 years. The Single Market should contribute more to the objectives of sustainability and more effective use of resources, to innovation, social inclusion and territorial cohesion and employment strategy.

By the end of 2012, a new stage in the development of the Single Market will be launched. The discussions will draw upon a comprehensive economic study, the results of which should enable the identification of specific areas with untapped growth potential, together with possible new levers for growth. The Commission will also consult civil society and all Single Market actors through its new governance instruments.

Citizens and businesses will not be able to reap the full benefits of the Single Market unless the **Single Market Act and its priority actions are implemented swiftly and boldly**. This set of actions is an essential contribution to the efforts being made to make the European economy more competitive and should therefore be given the very highest priority. It requires the full involvement and support of all European Institutions, Member States and stakeholders.

Consequently, the Commission:

- calls upon the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions to give their full support to the Single Market Act;
- calls upon the European Council to support the 12 priorities established by the Single Market Act and the priority implementation thereof;
- calls upon the European Parliament and the Council to give the highest priority in the legislative process to the key actions contained in the Single Market Act by agreeing that they should be swiftly adopted by the end of 2012 at the latest;
- in connection with the European Semester and with a view to an examination of the matter at the Spring European Council, will report regularly to the European Parliament, the European Council and the Council on progress achieved in implementing the Single Market Act and its key actions;

- will work with the Member States to facilitate the swift implementation of the Single Market Act and its key actions;
- calls upon national, regional and local authorities in the Member States to ensure that Single Market rules are applied and enforced;
- calls upon all interested parties, Members of the European Parliament and of national parliaments, representatives of national, regional and local authorities and all stakeholders to participate actively in a "Single Market Day" designed to take stock of progress achieved and to focus on priorities ahead at national and European level, in particular in the Single Market Forum.

Annex 1: Key actions

	<u>Key action</u>	<u>Lever</u>	<u>Proposal by the Commission</u>
1	<i>Legislation designed to make it easier for venture capital funds established in a Member State to invest freely in any other Member State, without obstacles or additional requirements</i>	Access to finance for SMEs	4th quarter 2011
2	<i>Legislation modernising the system for recognising professional qualifications</i>	Mobility for citizens	4th quarter 2011
3	<i>Legislation setting up a unitary patent protection for the greatest possible number of Member States and a unified patent litigation system with the objective of issuing the first EU patents in 2013</i>	Intellectual property rights	2nd quarter 2011
4	<i>Legislation on Alternative Dispute Resolution. This action will also include an electronic commerce dimension.</i>	Consumer empowerment	4th quarter 2011
5	<i>Revision of the legislation on the European standardisation system, to extend it to services and make standardisation procedures more effective, efficient and inclusive</i>	Services	2nd quarter 2011
6	<i>Energy and transport infrastructure legislation serving to identify and roll out strategic projects of European interest and to ensure interoperability and intermodality</i>	Networks	4th quarter 2011 3rd quarter 2011
7	<i>Legislation ensuring the mutual recognition of electronic identification and authentication across the EU and revision of the Directive on Electronic Signatures</i>	Digital single market	1st quarter 2012
8	<i>Legislation setting up a European framework for social investment funds</i>	Social entrepreneurship	4th quarter 2011

9	<i>Review of the Energy Tax Directive in order to ensure consistent treatment of different sources of energy, so as to better take into account the energy content of products and their CO₂ emission level</i>	Taxation	2nd quarter 2011
10	<i>Legislation aimed at improving and reinforcing the transposition, implementation and enforcement in practice of the Posting of Workers Directive⁶⁸, together with legislation aimed at clarifying the exercise of the freedom of establishment and the freedom to provide services alongside fundamental social rights</i>	Social cohesion	4th quarter 2011
11	<i>Simplification of the Accounting Directives</i>	Business environment	2nd quarter 2011
12	<i>Revised and modernised public procurement legislative framework</i>	Public procurement	4th quarter 2011

⁶⁸ See the flagship initiative "An Agenda for new skills and jobs" (COM(2010)682).

Annex 2: Indicators for the Single Market

- Intra-EU trade in goods and services: in 2009, intra-EU trade in goods represented 37% of GDP (EUR 4 320 billion) and intra-EU trade in services 10.5% of GDP (EUR 1 233 billion)⁶⁹.
- Intra-EU electronic commerce: in 2009, 9% of EU citizens carried out purchases from suppliers in other Member States⁷⁰.
- The number of applications for the award of a European patent introduced and approved: in 2010 (provisional data) – 235 029 requests for a European patent were filed with the European Patent Office; 58 108 European patents were approved⁷¹.
- Cross-border cooperation between public authorities in the EU (IMI): at the end of 2010, 5 737 competent authorities were registered in IMI⁷².
- Deficit in the transposition of internal-market legislation: the transposition deficit stood at 0.9% for the entire EU at the end of 2010⁷³.
- The number of citizens working in another Member State: 5.8 million citizens in 2009, equivalent to 2.5% of the EU working population⁷⁴.

⁶⁹ Eurostat
⁷⁰ Eurostat
⁷¹ European Patent Office
⁷² European Commission
⁷³ European Commission
⁷⁴ Eurostat