

# **Impact of EC Internal Market proposals on the LRA's**

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# Executive Summary

## Summary of findings

The analysis of the new Communication on the Single Market Act - *12 levers to boost growth and strengthen confidence* - focused on the 12 policy levers that represent the most urgent priorities for the completion of the internal market.

With regard to **access to finance for SMEs (Lever 1)**, there is a strong need to promote cross-border venture capital investment to ensure that firms have access to seed capital at the early stages of development. Venture capital funds can support LRA's which play an important role in facilitating new venture capital funds' access to new markets and setting up cross-border investment opportunities.

Legislation modernising the system for recognising professional qualifications could lead to greater **mobility among higher skilled professionals (Lever 2)**, and help to promote economic growth. This could also benefit the regions by allowing them to invest proceeds in smart and inclusive growth.

The third lever addresses **intellectual property rights (Lever 3)** through legislation setting up a unitary patent protection and a unified patent litigation system. Ensuring adequate IPR protection should encourage businesses at local and regional level to invest in developing IPR and strengthen confidence that such investment will produce a high level of return.

Legislation on Alternative Dispute Resolution could lead to greater **consumer empowerment (Lever 4)** by strengthening consumer protection in access to high quality services (including services of general interest). In addition, revising legislation on the European standardisation system could impact on the **quality of services (Lever 5)** by developing a standards system in consultation with national standards bodies. This would enable standards to be set more quickly in line with technological developments to ensure that all stakeholders (businesses, consumers, public authorities) can fully participate in the standard-setting process.

With regard to **energy and transport infrastructure (Lever 6)**, new legislation could promote greater competition and fairer prices for consumers. Enhancements in energy and transport networks should also promote improved access to transport, especially for those from vulnerable groups.

Legislation ensuring the mutual recognition of electronic identification and authentication across the EU could improve the effectiveness of the implementation of a **digital Single Market (Lever 7)**, by increasing the possibility to adopt e-tendering and e-invoicing procedures and by allowing LRA's to adapt their working practices accordingly so as to make better use of technology and thereby increase the effectiveness of procurement.

In the field of **social entrepreneurship (Lever 8)**, legislation setting up a European framework to facilitate the development of social investment funds could help to set up new pathways to finance for social enterprises and allow LRA's to establish social investment links with EU funding programmes.

Under the priority of **taxation (Lever 9)**, there is a commitment to carry out a Review of the Energy Tax Directive, a binding mechanism could be established for resolving double taxation disputes and by creating one-stop contact points for access to authorities and the tax treatment of cross-border successions.

As far as **social cohesion (Lever 10)** is concerned, social and territorial cohesion are key priorities for European integration. While recognising the importance of a market-driven approach, action will be taken to strengthen Services of General Economic Interest (SGEIs). These are essential building blocks of the European social model that is both highly competitive and socially inclusive. SGEIs and social services of general interest are of considerable importance to LRA's as primary actors in the delivery of services to local people. This priority is complimented by the proposal to introduce legislation aimed at improving and reinforcing the transposition, implementation and enforcement in practice of the Posting of Workers Directive.

The proposed simplification of the 4<sup>th</sup> Accounting Directive should also help to **improve Europe's business environment (Lever 11)**. LRA's could play a role in heightening awareness about the simplification of reporting requirements for SMEs, which may help to encourage new business creation and promote growth and employment at local level.

**Public procurement legislation (Lever 12)** can be an important source of support for innovation, environmental protection and employment. At local and regional levels, from an enterprise perspective, there is currently a 'missed opportunity' for firms, especially SMEs in terms of bidding for procurement opportunities. The development of more effective and flexible public procurement procedures can play a role in harnessing better value for money for public authorities at local and regional levels, by improving the efficiency of procurement processes and through greater standardisation. In the context of the

economic crisis and tight budgetary constraints, achieving better value for money in procurement is likely to be a key priority for LRA's.



# 1. Introduction

The purpose of this briefing report is to:

- Analyse the potential impact on LRAs of the Single Market Act (which outlines 12 priorities to improve the functioning of the internal market).
- Analyse the wider 50 proposals contained in the Commission's Communication Towards a Single Market Act) COM 608/2010, as seen from the viewpoint of (a) territories and (b) local and regional authorities.
- Identify, among the proposed actions, those which have a greater potential impact on local economies and on local regional strategies for sustainable growth.

## 1.1 Internal Market – overview

The Single European Market came into force in 1993, and is concerned with eliminating barriers and simplifying rules to enable individuals, consumers and businesses to make the most of the potential benefits of a European Internal Market of 27 Member States and 480 million people. A central aim of the Internal Market is to make companies, workers and public entities across EU27 Member States subject to harmonised rules throughout the European Union.

The Internal Market is underpinned by **four fundamental pillars** - the **‘free movement’ of people, goods, services and capital**. These freedoms are enshrined in **Title I and Title III of the EC Treaty**, which form the basis of the Single Market framework. Title I is concerned with the free movement of goods (and the prohibition of quantitative restrictions between Member States).

“The Community shall be based upon a customs union which shall cover all trade in goods and which shall involve the prohibition between Member States of customs duties on imports and exports and of all charges having equivalent effect, and the adoption of a common customs tariff in their relations with third countries”.

Title III deals with the **free movement of persons, services and capital**. Article 39 (1) makes provision for the **freedom of movement for workers** within the Community and Article 39 (2) “the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment”. Article 49 outlines **freedom to provide services** within the Community.

It states that restrictions on freedom to provide services shall be prohibited in respect of nationals of Member States who are established in a State of the Community other than that of the person for whom the services are intended”.

Turning to capital, Articles 56-60 address the **free movement of capital** within the Community. Article 56 states that “all restrictions on the movement of capital between Member States and between Member States and third countries shall be prohibited”. We now examine the four freedoms in more detail.

### **1.1.1 Freedom of establishment and free movement of services**

The principles of freedom of establishment and free movement of services have been clarified and developed over the years through European Court of Justice case law. In addition, there have been important developments and progress made in the field of services through specific legislation in areas such as financial services, telecommunications, broadcasting and the recognition of professional qualifications. However, despite progress in some specific service sectors, the overall Internal Market for services is not yet working optimally.

The freedom for an individual or business entity to provide services on the territory of another EU Member State other than the one in which they are established is one of the fundamental principles of the internal market. The services market is a critical part of the European Union’s economy and accounts for approximately 70% of EU GDP and employment. Yet a number of barriers remain, and consequently, the Lisbon summit of EU leaders in March 2000 asked for a strategy to remove cross-border barriers to services.

A key development in respect of the completion of the internal market in the area of services was the adoption of the **Services Directive** in 2006<sup>1</sup>. The Directive’s main aim is to eliminate remaining legal and administrative barriers to trade within the Internal Market for services and modernising the legal framework in respect of the provision of service activities. The Directive concerns activities accounting for 40% of EU GDP and jobs. The objective of the Services Directive is to unlock the strong economic and job-creation potential of the European internal market in services, which has been estimated as potentially adding up to an additional 0.6-1.5% of EU GDP.

As such, it is an important part of the Commission’s programme for regulatory simplification. The full implementation of the Directive should facilitate the establishment of service providers operating in the domestic market and

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<sup>1</sup>Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on Services in the Internal Market, OJ L376 of 27.12.2006, p.36.

encourage the cross-border provision of services into other EU countries. The Directive's implementation has required Member States to carry out a large scale review of all legislation relating to services and to adopt legislative changes where appropriate, including some instances of the repeal of legislation relating to reserved activities in regulated professions.

The Services Directive was required to be implemented at Member State level by the end of 2009. However, there have been delays in its transposition into national legislation in some Member State - these have been monitored through the internal market scoreboard, which reports on delays, infringements and misapplications of internal market legislation.

A number of mechanisms for monitoring the Directive's implementation have been put in place, such as the exchange of information and experience between Member States and a "peer review" approach integrated into the mutual evaluation process.

### **1.1.2 Free movement of capital**

The liberalisation of capital movements and payments which accompanied the consolidation of the Single Market has resulted in a number of benefits for EU citizens such as setting up a business abroad, opening a bank account, buying shares in non-domestic companies, and purchasing real estate. However, the rules concerning some rights remain governed by national provisions which vary between Member States. Free movement of capital is an essential pre-condition for cross-border activities of financial services companies.

However, there remain obstacles to the free movement of capital which the Commission has sought to address through the adoption of the Services Directive in 2006 and through specific Directives related to financial services, such as the *Markets in Financial Instruments Directive (MiFID)*<sup>2</sup>, a key component of the strategy to open up markets for investors and investment firms across EU borders, the *Prospectus Directive, Undertakings for Collective Investment in Transferable Securities Directives (UCITS)*<sup>3</sup> and the *Transparency Directive*.

In 2005, the Commission completed the legislative phase of the *Financial Services Action Plan (FSAP)*, which aims to develop an EU-wide market in

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<sup>2</sup> MiFID is one of the so-called Lamfalussy Directives, a type of legislation that enables the Council of Ministers and Parliament to focus on key political decisions, while technical implementing details are worked through afterwards by the Commission.

<sup>3</sup> 2001/107/EC and 2001/108/EC.

financial services and is now implementing a new strategy to deepen financial integration and deliver further benefits to industry and consumers alike.

### **1.1.3 Free movement of goods**

Another of the fundamental freedoms is the **free movement of goods**, an aspect of the Single Market for which DG ENTR has overall policy responsibility. Member States may restrict the free movement of goods only in exceptional cases, for example when there is a risk arising from issues such as public health, the environment, or consumer protection. The "**New Approach**" to **product standards** was defined by a Council Resolution of May 1985 and represented a new, innovative way of achieving technical harmonisation. It introduced a clear separation of responsibilities between the EC and the European standards bodies CEN, CENELEC and ETSI within the legal framework allowing for the free movement of goods.

The **mutual recognition principle** guarantees free movement of goods and services without the need to harmonise Member States' national legislation. Goods which are lawfully produced in one Member State must be allowed for sale in other Member States, even if they are produced to technical or quality specifications different from those applied to its own products. The only exceptions are where there are issues relating to health, consumer or environmental protection.

The same principle applies to services. Sectors classified as 'low risk' have not been the subject of legislation at European level. Trade in this 'non-harmonised' sector relies on the 'mutual recognition' principle, under which products legally manufactured or marketed in one Member State should in principle be able to move freely throughout the EU. Approximately half of the trade in goods within the EU is covered by harmonised regulations, while the other half is accounted for by the 'non-harmonised' sector, which is either regulated by national technical regulations or not specifically regulated at all.

### **1.1.4 Free movement of people**

The free movement of people is a fundamental right for EU citizens. While lead policy responsibility within the Commission for the free movement of people lies with DG Justice, which is responsible for the Schengen area, there are also important issues relating to the free of movement of people that DG MARKT is responsible for, such as the freedom of movement for individual professionals. There remain outstanding barriers in this area linked to reserves of activities within regulated professions, which hinders the mutual recognition of qualifications.

## 1.2 Benefits of the Internal Market and challenges to its completion

### 1.2.1 Benefits of the Internal Market

The Internal Market has already brought about a number of significant benefits. These can be broadly categorised under the following headings:

- **Individuals:** the right to live, work, study or retire in another EU country;
- **Consumers:** increased competition leading to lower prices, a wider choice of things to buy and higher levels of protection; and
- **Businesses:** much easier and cheaper to do business across borders.

The SM is regarded as an important driving force behind the opening of Europe's internal borders and in stimulating growth. Research undertaken for the European Commission's DG MARKT<sup>4</sup> suggests that there have been major **economic benefits**, specifically:

- Since 1 January 1993, the Single Market has created **2.5 million jobs**
- The Single Market has enhanced the **ability of EU firms to compete in global markets**
- **EU exports to third countries have increased** from 6.9% of EU GDP in 1992 to 11.2% in 2001
- Europe has become a **much more attractive location for foreign investors**. Inflows of foreign direct investment into the EU have more than doubled as a % of GDP<sup>5</sup>

The Commission estimates that the combined effect of internal market integration has been to create 2.75 million additional jobs and economic growth of 1.85% in the period 1992–2009 and an additional **877 billion euros of wealth** which equates to €5,700 per household. The liberalisation of network industries and the process of EU enlargement have been major factors in driving growth. The SM is valued for its contribution to stimulating intra-EU trade. This

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<sup>4</sup> 2007. Fabienne Ilzkovitz, et al. Steps Towards a Deeper Economic Integration: The Internal Market In The 21st Century A contribution to the Single Market Review. Directorate-General for Economic and Financial Affairs.

<sup>5</sup> 2007. Fabienne Ilzkovitz, et al. Steps Towards a Deeper Economic Integration: The Internal Market In The 21st Century A contribution to the Single Market Review. Directorate-General for Economic and Financial Affairs.

currently accounts for between 17% and 28% of world trade in goods and services respectively.

There are numerous examples of ways in which the internal market has led to the reduction in costs for consumers of cross-border services and business transactions. Among the best known examples in this regard are the 70% fall in mobile phone call charges and the 40% reduction in airfares across the EU as a result of liberalisation and the end of national monopolies, supported by the increased competition and lowering of market entry barriers resulting from the internal market.

There have also been significant benefits for **EU citizens and consumers** stemming from the Single Market. Perhaps the most visible benefit for European citizens is the ability in EU countries belonging to the *Schengen area* to cross borders without being stopped for checks. Additional benefits include full consumer rights when shopping in a different EU country.

The Single Market has also been a key driver in **promoting mobility within the EU**, with considerably less bureaucracy for those wishing to **study, work or retire in another EU country**. Cross-border labour migration flows have also increased dramatically, driven both by the Single Market as well as the EU enlargement process. In the education field, there has been considerable progress in respect of **mutual recognition** in respect of both educational diplomas and professional qualifications, which has facilitated student (as well as labour market) mobility.

The wider benefits from a consumer perspective include:

- **Wider choices** for consumers and greater price transparency;
- Increased **price competition** amongst manufacturers and service providers in the context of an Internal Market of 480 million people;
- **Cheaper prices**, in areas such as phone calls, internet access and air travel;
- Greater **financial integration** and **liberalisation of capital movements** within the EU, meaning citizens can access products at lower prices; and
- **More competition in public procurement** translating into higher quality services for the taxpayer as well as better value.

There have similarly been benefits from the implementation of a Single Market for **businesses**, such as:

- Introduction of the **mutual recognition principle**, which means that rather than having to meet standards in each EU Member State, companies can do business across the EU by complying with the rules in their home Member State
- Reduction in **compliance costs** for businesses by bringing together requirements through EU Directives and Regulations (where previously there were often complex and widely differing national laws, for example, in respect of product standards)
- Opening up **new export markets** for small and medium-sized enterprises (SMEs)
- Opening up the **public procurement process** and thus enabling companies to bid for contracts to supply goods and services to public authorities in other Member States
- **Freer capital flows** within the Single Market enabling firms to tap into finance more easily
- Access to a much **larger market**: 27 countries with over 480 million potential customers.

### **1.2.2 Challenges to the completion of the Internal Market**

While significant progress has been made in achieving the objective of a fully integrated Internal Market in goods and services, people and capital, there remain barriers to its completion. Despite the notable achievements made so far (see “benefits”), the Internal Market is not yet complete. The development of a fully functioning and integrated internal market is an ongoing process that will require continual updating, due to technological and policy changes. The environment in which the Single Market operates is fast-evolving and while many obstacles have been removed, new barriers may emerge.

In order to eliminate outstanding obstacles, DG MARKT has been working in a number of spheres including cross-border services, financial markets and regulated professions. Opening up these markets to cross-border competition has the potential to stimulate growth, investment and jobs as well as to encourage

higher productivity growth. It also has the potential to bring benefits to consumers in terms of greater choice and lower prices.

Some of the challenges in ensuring a fully integrated Internal Market are summarised below:

- **Financial services** – e.g. improving the implementation of the Pension Funds Directive, and enhancing the *Single Market Framework for Investment Funds*.
- **Improving the implementation of existing Single Market rules** - Member States must work directly together with the Commission and one another to resolve issues through ADRs (e.g. FIN-NET and SOLVIT), rather than through lengthy and costly legal proceedings before the ECJ.
- **Ensuring better compliance with procurement rules** – improving the implementation of Single Market principles in respect of public procurement is a priority. Only 16% of procurement opportunities within the EU are publicly advertised and open to cross-border bidding.
- **Strengthening intellectual property rights protection** - legally secure and well-enforced patenting and other intellectual and industrial property right protection are necessary to encourage and retain research and development in the EU and to foster and innovation.
- **Reducing the number of regulated professions subject to reserves of activities** – some professions, such as architects and pharmacists, remain closed shops in some MS. When national rules reserving the practice of a particular activity are introduced, and there is no mutual recognition of qualifications, this constitutes a clear barrier to mobility.

In 2006, as part of the Commission's efforts to demonstrate more clearly the benefits of the EU for European citizens, it announced an extensive review of the Single Market, in its May 2006 Communication "A Citizens' Agenda: Delivering a Europe of Results"<sup>6</sup>. This in turn resulted in the Communication 'A Single Market for 21st Century Europe'<sup>7</sup>, which proposed a set of initiatives to re-position the Single Market.

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<sup>6</sup> Communication from the Commission 'A Citizens' Agenda: Delivering Results for Europe' COM/2006/0211 final of 10.5.2006.

<sup>7</sup> Communication from the Commission 'A Single Market for 21st century Europe' COM(2007) 724 final of 20.11.2007.

This marked a major shift from a preoccupation with the technical processes of resolving the issues faced by producers in trading across the Single Market to one where the opportunities for citizens would be harnessed, so as to empower consumers and SMEs and make globalisation deliver for European citizens. The idea was that **the future development of the Single Market would be led to an important extent by consumers and SMEs.**

### 1.3 The Single Market Act

2012 will mark the **20th anniversary of the Single Market**. As a result of globalisation, economic activity, trade and technology are changing at a rapid pace, which is allowing the EU's competitors to challenge Europe's strategic advantages in areas of high added value, such as services. In order to remain competitive, it is essential that the remaining barriers to the achievement of a fully functioning Internal Market are eliminated in order to retain the EU's competitiveness. In response, President Barroso tasked Mario Monti, former Commissioner for the Internal Market with preparing a report<sup>8</sup> containing options and recommendations for an initiative to re-launch the Single Market as a key strategic objective of the new Commission.

The report points out some of the remaining deficiencies across different areas of the Single Market. Professor Monti reaches the conclusion that *'The full potential of the Single Market has not yet been delivered. The Single Market is far from being completely in place. There are missing links which prevent a still fragmented market from acting as a powerful engine for growth and delivering the full benefits to consumers'*. While the study does not deal explicitly with reserves of activities, it does point to outstanding barriers to entry into regulated professions.

The Monti Report does not outline a specific role for LRAs, but it does provide a good indication of where such a role could be developed:

- Interconnecting Europe's energy markets
- Flexible and efficient logistics and transport systems
- Implementation of the Services Directive
- Digital Europe
- Public Procurement
- Financial Services
- Freedom of movement of workers (including better matching of skills with vacancies across the Single Market)

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<sup>8</sup>The Monti Report - a new Strategy for the Single Market at the Service of Europe's Economy and Society, Report for the President of the European Commission, 9 May 2010.

In addition, and cutting across these areas, LRAs are particularly well placed to support the growth and development of SMEs. In a number of areas, it can be seen that LRAs are important for the practical construction of cross border trading.

In response to the Monti report, the Commission has decided to initiate a **re-launch of the Single Market**. In November 2010, to support the re-launch, the Commission adopted a Communication: “*Towards a Single Market Act – for a highly competitive social market economy*”<sup>9</sup> which identified 50 proposals to help to complete the Single Market, with a series of measures to boost the European economy and to create jobs. The Single Market Act forms part of a plan to boost growth and to restore confidence in the benefits of market integration in Europe.

The re-launch of the Single Market is an essential element of the EU2020 strategy, which proposes seven flagship initiatives: (i) an innovation Union, (ii) youth on the move, (iii) a digital agenda for Europe, (iv) a resource-efficient Europe, (v) an industrial policy for the globalisation era, (vi) an agenda for new skills and jobs and (vii) a European platform to tackle poverty. An up-to-date Single Market is a basic pre-requisite for the effective realisation of the aims of the flagship initiatives.

The 50 proposals are structured under a number of key strategic headings, which include:

<i>Priority</i>	<i>Sub-priority</i>
1. Sustainable and equitable growth for business	1.1 Promoting new approaches towards sustainable development 1.2 Promoting new approaches towards a sustainable economy 1.3 For small and medium sized enterprises 1.4 Funding innovation and long-term investment 1.5 Creating a business-friendly legal and fiscal environment 1.6 Being competitive in global markets

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<sup>9</sup>Commission Communication COM 608/2010: Towards a Single Market Act for a highly competitive social market economy: 50 proposals for improving our work, business and exchanges with one another.

<i>Priority</i>	<i>Sub-priority</i>
2. Restoring confidence by putting Europeans at the heart of the Single Market	2.1 Improving public services and infrastructure of general interest 2.2 Increasing solidarity in the Single Market 2.3 Access to employment and lifelong learning 2.4 New resources for the social market economy 2.5 Single Market serving consumers
3. Dialogue, partnership, evaluation: The keys to good governance of the Single Market	

In relation to the first priority, **Sustainable and equitable growth for business**, the Single Market Act outlines 6 sub priorities that aim to ensure that no barriers inhibit the free movement of goods and that safety standards are enforced. To a large extent, the first priority addresses surveillance of product markets with a particular emphasis on tackling piracy and counterfeiting.

The second priority is concerned with **restoring confidence by putting Europeans at the heart of the Single Market**. Following EU enlargement, there is a need to ensure that EU citizens continue to derive benefits from the internal market and retain confidence in its effective functioning. Sub priorities under the second priority focus on issues such as poverty and social exclusion, building confidence within the SM and improving public services and key infrastructure.

With regard to the third priority, **dialogue, partnership, evaluation**, it is essential that the 50 proposals related to the SM are implemented in accordance with good governance principles. To achieve this, the Single Market Act proposes a new framework for dialogue and discussion. The third priority is also related to the need to restore meaning to the Single Market to give it real public value. In addition the third priority identifies ways in which LRA's can participate in the governance of the SM, particularly in support of cohesion policy.

## **1.4 Twelve levers to boost growth and strengthen citizens' confidence**

Following the initial 50 proposals presented in the Communication 'Towards the Single Market Act', the Commission adopted a follow-up Communication on 13 April 2011 a *Single Market Act: Twelve levers to boost growth and strengthen citizen's confidence in the SM*<sup>10</sup>. The twelve priorities were selected from among the 50 proposals initially put forwards on the basis of contributions received through a public consultation and during public debates. The Commission proposes that the EU should adopt a key action for each lever by the end of 2012.

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 re-launch the Single Market by the end of 2012/2013.

The identification of these top priorities does not imply however that the Commission will not be going ahead with the other actions identified in the earlier Communication "Towards a Single Market Act" (November 2010).

The Commission will present further measures that respond to the needs identified by the twelve levers and make a significant contribution to the re-launch of the Single Market. At the end of 2012, the Commission will make a judgement on the progress in implementation of the current Action Plan and will present a programme for the next stage. The aim is that these measures will provide a coherent political response to gaps in the Single Market by presenting a model for sustainable, smart and inclusive growth in the framework of the Europe 2020 Strategy.

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<sup>10</sup> Single Market Act "Twelve levers to boost growth and strengthen confidence "Working together to create new growth", COM(2011) 206/4.

## **2. Impact of proposals in Single Market Act on LRA's**

Following the Monti Report and the work done by the European Commission to determine the shortcomings in the functioning of the Single Market, the Commission has launched an ongoing revision exercise to tackle the remaining bottlenecks. Failures in the way that the Single Market functions affect the European economy as a whole. This is clearly apparent at the regional and local level as well.

### **2.1 Review of proposals in Single Market Act (12 levers)**

This section focuses on the 12 priority areas or 'levers' identified in the April 2011 Communication '*A Single Market Act - Twelve levers to boost growth and strengthen confidence*'<sup>11</sup>. These represent the most urgent priorities identified and include:

- Access to finance for SMEs
- Mobility for EU citizens
- Intellectual property rights
- Consumer empowerment
- Services
- Networks
- The digital Single Market
- Social entrepreneurship
- Taxation
- Social cohesion
- Business environment
- Public procurement

A central aim of the new Communication is to bring an end to market fragmentation and to eliminate barriers and obstacles to the movement of services, innovation and creativity. This means strengthening citizens' confidence in their internal market and ensuring that its benefits are passed on to consumers.

The new Communication on a Single Market Act was drawn up on the basis of the consultation on the November 2010 Communication and more than 800 responses to the public consultation on the Single Market Act, reflecting the

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<sup>11</sup> COM(2011) 206/4.

points of view of Member States, NGOs, social partners at national and European level, local and regional authorities, industrial and professional organisations, trade unions, businesses, consumer organisations, think tanks and academics.

Among the findings from the consultation were that there were high expectations from civil society, in terms of the development of the Single Market's potential to foster growth and employment and the social dimension of the internal market and the protection of public services.

Since the Commission makes clear that the selection of the initial 12 priorities does not preclude going ahead with some of the other 50 proposed policies, legislative and wider initiatives outlined in the earlier Communication, both documents are considered in this paper. It should also be stressed that there are areas of cross-over between the two Communications in terms of the priorities selected.

## **Review of 12 Levers**

A review of the 12 Levers is now provided together with their relevance from an LRA perspective.

- **Lever 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 price.

At present, there is no integrated European venture capital market - the regulatory situation varies widely from country to country and the market is fragmented along national lines. The key action to facilitate financial support for SMEs is designed to unify the venture capital market in order to provide innovative small businesses with easier access to capital. There is a strong need to promote cross-border venture capital investments in order to ensure that firms have access to seed capital at the early stages of development.

Venture capital funds can also benefit local and regional economies by using their knowledge in different sectors and industries to increase inward investment to less developed territories of the Member States. The expansion of venture capital into local and regional economies could lead to a number of positive outcomes both for LRAs and venture capital funds.

For example, venture capital funds could reduce costs and further develop their expertise in specialized sectors as well as increase their returns. Venture capital funds could make additional gains by diversifying their portfolios to include local and regional assets, which would make it easier for innovative enterprises to grow and obtain funding.

LRAAs could play an important role in facilitating new venture capital funds access to new markets and setting up cross border investment opportunities between them and local and regional SMEs. If the Commission makes progress towards eliminating regulatory obstacles to cross border investments and achieving mutual recognition of national investment frameworks, there is likely to be strong corresponding potential for raising awareness about funding opportunities for local and regional businesses.

- **Lever 2 - Mobility for EU citizens**

Key action: Legislation modernising the system for recognising professional qualifications. 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.

Although a legislative framework in respect of the recognition of professional qualifications was put in place in 2005 with the professional qualifications Directive, there remain barriers to the free movement of professionals.

This will evidently have a strong local and regional perspective in that different EU regions are affected differently by skills shortages and a need for professionals in particular sectors depending on factors such as degree of peripherality and the extent of demographic ageing.

Greater mobility among higher skilled professionals should also help to promote economic growth and the regions should benefit from the proceeds of this to invest in smart and inclusive growth.

- **Lever 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.

Protecting intellectual property rights encourages investment in the development of innovative services and products. A regulatory framework will be introduced to provide effective protection for those rights, with due regard for fundamental rights.

With regard to the impact and relevance on regions, ensuring adequate IPR protection should help to encourage businesses at local and regional level to invest in developing IPR and strengthen confidence that such investment will produce a high level of return. This is arguably especially relevant for territories in cross-border regions.

- **Lever 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.

While the Single Market is part of everyday life for EU consumers whenever they travel, buy goods or services or make payments, they still face many obstacles and lack consumer confidence in the Single Market.

ADRs such as SOLVIT and FINNET already play a valuable role in protecting EU consumers' rights. However, LRAs have an important role to play in raising awareness about the existence of such measures and citizen's rights when purchasing products or services from another EU Member State. They could for example, play a role in signposting to ADR mechanisms.

- **Lever 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 inclusive.

There is further scope for the development of the existing standards system in consultation with national standards bodies to enable standards to be set more

quickly in line with technological developments and to ensure that all stakeholders (businesses, consumers, public authorities) can fully participate in the standard-setting process. A clearer framework may also be required for services standardisation to ensure a consistent approach to services standards across the Single Market.

Improvements in standardisation processes are relevant from an LRA point of view. LRAs are closer to consumers and to enterprises than national government. Therefore, standardisation processes can play an important role in strengthening consumer protection in access to high quality services (including services of general interest), and this should be fully recognised. LRAs may play a valuable role in raising awareness about consumer rights in accessing services.

In order to create a fully effective Single Market in services, a key priority is the full implementation of the Services Directive, including the establishment of Points of Single Contact. 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. Clearly, most such checks will need to involve cooperation between national regulatory authorities and LRAs, who may be in a position to identify outstanding practical barriers to a Single Market in services, such as restrictions on practising a service activity in particular sectors/ sub- sectors.

- **Lever 6 – Networks**

Key action: Energy and transport infrastructure legislation serving to identify and roll out strategic projects of European interest and to ensure interoperability and intermodality.
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Interconnecting Europe's energy markets is essential and the Monti Report points out that it is an area of some urgency. The Single Market sits at the nexus of all Europe's energy policy objectives: competitiveness, security of supply, and sustainability and in direct practical terms, Europe needs a functioning Single Market for energy to ensure secure and affordable supplies for its consumers and businesses, while also addressing the major issue of climate change.

Although there are still regulatory and framework issues to be resolved, notably under the third Internal Energy Market Package, there are other areas where LRAs play an extremely important facilitating or complementary role, working with the energy suppliers.

There is still a major need for new physical infrastructure and better interconnections, particularly across borders, to facilitate the operation of the Single Energy Market and to make Europe better equipped to withstand supply crises. LRAs have a major responsibility for these developments, both at a strategic and a detailed planning level. They can be enormously influential in physically delivering the Single Market in Energy, especially in border regions, while at the same time acting creatively to address environmental concerns, including the promotion of reductions in energy use, for example, through better insulation and more intelligent usage.

However, in addition, with their proximity to consumers and their persuasive information and communication channels, LRAs can help consumers, especially vulnerable ones to be aware of, and benefit from, competition and fair prices. In some cases they will be able to promote smart metering - enabling energy consumers to be better informed of their consumption patterns and the associated costs, while also promoting new technologies and associated local employment opportunities.

Transport has a vital role to play in modern economies. A single, interconnected and efficient European transport system is essential to the smooth movement of goods, people and services. However, the creation of a single transport system is still being delayed by a number of technical, administrative and regulatory obstacles that have been hampering the competitiveness of the single co-modal transport market in particular and holding back economic growth in Europe in general.

With regard to the infrastructure, there are still considerable obstacles to the free flow of goods as a result of both technical and administrative barriers. These often form "bottlenecks" which impede the movement of goods over a much wider area. Failure to implement EU legislation properly causes problems and there is still considerable fragmentation in the transport market, particularly affecting the use of different modes of transport in an integrated way.

With regard to the LRA dimension, many of these issues need addressing simply in terms of the need by localities and regions for efficient transport systems within their own areas. Seeing these issues in a Single Market context could in many instances help to solve local problems as well as contributing to a more efficient Single Market.

- **Lever 7 – The digital Single Market**

Key action: Legislation ensuring the mutual recognition of electronic identification and authentication 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).

The potential for an improved legal framework for e-signatures following a review of the Directive on Electronic Signatures offers potential for LRAs to make efficiency savings. For example, it increase the possibility to adopt e-tendering and e-invoicing procedures and to adapt their working practices accordingly to make better use of technology and thereby increase the effectiveness of procurement. It is also likely that the transition to e-signatures will produce good practice examples that can be shared among LRAs.

Improved recognition of signatures also offers much greater scope to shift a much wider range of public services online which also offers potential efficiency savings. More detailed arguments in respect of savings from e-authentication systems are provided under the 50 proposals (proposal 22).

- **Lever 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).

Across Europe, the third sector plays a crucial role in providing services and promoting social cohesion. There is a strong need to develop a legal and financial environment in which the European social market and public goods can grow. Some of the key barriers to improving investment opportunities for investors from the Member States include; the lack of available and correct form of capital, as well as the lack of market transparency in social finance markets. These problems are more important due to the economic crises and affect LRAs disproportionately.

The setting up of a European framework for the facilitation of social investment funds could benefit local and regional economies by providing new pathways to finance for social enterprises. For example, LRAs could establish social investment links with EU funding programmes, such as the ESF, to promote the

creation and development of social enterprises, which provide employment opportunities for disadvantaged groups.

- **Lever 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.

Current EU rules on taxation 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. There is a need to ensure that tax legislation treats energy sources in a consistent manner, according to their quality rather than their quantity. In addition energy consumers should be treated equally regardless of the source of energy that they consume and energy taxation should contribute to achieving reductions in European CO2 levels. These taxation issues are often dealt with at the local and regional level by LRAs.

Moreover, European citizens suffer from cross-border tax obstacles such as double taxation, tax discrimination and difficulties in gaining access to information and to the tax authorities of other Member States. These issues have some impact on local and regional businesses that carry out cross-border activities. A review of the energy tax directive could assist in the establishment of a binding mechanism for resolving double taxation disputes and by creating one-stop contact points for access to authorities and the tax treatment of cross-border successions.

The review of the Energy Tax Directive could also help LRAs implement national energy policies by setting minimum rates for energy products used in heating, electricity and motor fuels. This would have a positive impact on reducing the energy costs for local and regional consumers, particularly for disadvantaged groups and those on low incomes.

- **Lever 10 – Social cohesion**

Key action: Legislation aimed at improving and reinforcing the transposition, implementation and enforcement in practice of the Posting of Workers Directive, 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.

The Posting of Workers Directive<sup>12</sup> plays a crucial role in guaranteeing that the rights and working conditions of a posted worker are protected throughout the EU. The directive also helps avoid "social dumping" where foreign service providers can undercut local service providers because their labour standards are lower. Social dumping is a major issue for many LRAs, who would benefit from legislation aimed at improving and reinforcing the transposition, implementation and enforcement of mandatory rules (contained in the directive) regarding the terms and conditions of employment to be applied to an employee posted to work in another Member State.

Workers who rely on local and regional economies stand to benefit from greater transposition of the Posting of Workers Directive, as this will ensure a level playing field for employees in Member States where certain minimum terms and conditions of employment are established. A major goal of LRAs is to ensure that the local or regional economy is competitive and that the needs of existing employees and social partners are addressed. By ensuring that posted workers from other Member States are required to comply with fair competition rules, local pressure on LRAs for jobs and social protection would likely be reduced, which could free up resources for monitoring and addressing the social issues of migrant workers within local and regional communities.

Local and regional labour markets are facing increased pressures from posted and migrant workers as a result of the freer movement of people, goods and services within the EU. One of the main ways in which the directive can alleviate these pressures is through the implementation of mandatory rules, which cover a range of issues such as maximum work periods and minimum rest periods, paid annual leave, minimum rates of pay, equal treatment and the conditions of hiring out workers, particularly for temporary employment.

Effective transposition of the directives health and safety provisions would have a strong impact on the employment opportunities of local workers by ensuring

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<sup>12</sup> A worker is considered to be "a posted worker" when he is employed in one EU Member State but sent by his employer on a temporary basis to carry out his work in another Member State. For example, a service provider may win a contract in another country and send his employees there to carry out the contract.

that employers apply equal protective measures for posted workers such as pregnant women and young people.

- **Lever 11 - Business environment**

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

The proposed simplification of the 4<sup>th</sup> Accounting Directive with regard to financial information obligations should result in a reduction of administrative burdens, particularly for SMEs. The proposals are especially favourable for micro enterprises.

While there is no direct LRA dimension, such an initiative is clearly conducive in improving the overall business environment (although in some Member States, national tax authorities may impose additional reporting requirements). Since SMEs are the engine of employment creation and growth and their vitality is key to the success of local economies, LRAs could play a role in heightening awareness about the simplification of reporting requirements, which may help to encourage new business creation.

- **Lever 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 SMEs.

Goods and services procured by public authorities account for approximately 18% of the EU's GDP. EU public procurement legislation seeks to create an open and competitive pan-European procurement market for large procurement contracts, saving taxpayers several billion euro each year. Public procurement can also be an important source of support for innovation, environmental protection and employment. Presently, the complex interaction between EU and national rules can result in cumbersome administrative procedures for public procurement. The levels of participation by firms from other Member States in procurement procedures remain very low.

At local and regional levels, from an enterprise perspective, there is currently a 'missed opportunity' for firms, especially SMEs in terms of bidding for

procurement opportunities. Simplification and greater flexibility has the potential to encourage higher levels of participation by firms at local and regional level in procurement procedures. It will also open up important opportunities for firms operating in particular territories to widen their access to potential new markets in other Member States by further opening up cross-border procurement opportunities.

More generally, the development of more effective and flexible public procurement procedures can play a role in harnessing better value for money for public authorities at local and regional levels, by improving the efficiency of procurement processes and through greater standardisation.

For example, in the UK, there has been an effort to develop a standard procurement classification framework for local government so as to help local councils to significantly improve their efficiency. Standardisation in procurement has the potential to exploit volume aggregation and make processes more efficient. Improvement and Efficiency Partnerships (IEPs) have encouraged local councils in the UK to use existing contracts and templates for procurement documents to save time and to enable councils to make savings. Classifying and coding purchasing allows for greater transparency of expenditure through procurement which can lead to significant cost savings.

With regard to the proposed revisions of the legislative framework in respect of services concessions, this initiative is examined in further detail under the 50 proposals in the next section.

## **2.2 Review of 50 proposals in Communication ‘Towards a Single Market Act’**

This sub-section provides a review of the relevance of the 50 proposals outlined in the Communication ‘Towards a Single Market Act’. Of these, 15 proposals were identified as being especially relevant from the perspective of LRAs. These have been grouped together under the 3 high-level priorities identified in the Communication:

- Sustainable and equitable growth for business
- Restoring confidence by putting Europeans at the heart of the Single Market
- Dialogue, partnership, evaluation: The keys to good governance of the Single Market

## **Priority 1 - Sustainable and equitable growth for business**

Under the above Priority, a number of proposals appear likely to be pertinent to LRAs. The most relevant examples were:

- Proposal No 4: Develop the internal market in services on the basis of the 'mutual evaluation' process set out in the Services Directive.
- Proposal No 5: E-commerce in the internal market (with reference to the digital economy)
- Proposal No 6: Legislative reform of the standardisation framework in 2011
- Proposal No 7: In 2011 the Commission will adopt a White Paper on Transport Policy
- Proposal No 11: Energy efficiency plan to exploit potential for energy savings by complementing existing policies in all sectors where energy is consumed.
- Proposal No 13: Ensure that the 'Think Small First' principle is implemented in both policy and legislative procedures.
- Proposal No 16: Measures with the potential to encourage private investment, such as Venture Capital Funds
- Proposal No 17: Legislative proposals simplifying and updating EU public procurement rules to make the award of contracts more flexible and to enable public contracts to be put to better use in support of other policies.
- Proposal No 18: Legislative initiative on services concessions.
- Proposal No 22: Proposal for a decision to ensure mutual recognition of e-identification and e-authentication across the EU.

## **Priority 2 - Restoring confidence by putting Europeans at the heart of the Single Market**

Under the second Priority, a number of proposals appear likely to be pertinent to territories and to LRAs, in particular:

- Proposal No 25: The Commission undertakes to adopt, by 2011, a Communication and a series of measures on services of general interest.
- Proposal No 27: Adopt a Communication on energy infrastructure priorities up to 2020/2030.
- Proposal No 34: Develop, a 'Youth on the Move card' helping all young people to move to another Member State to study.

## **Priority 3 - Dialogue, partnership, evaluation: The keys to good governance of the Single Market**

Under the third Priority, a number of proposals appear likely to be pertinent to territories and LRAs. The most relevant examples were:

- Proposal No 44: Stepping up the procedure for evaluating the acquis, in particular using the 'mutual evaluation' process set out in the Services Directive.
- Proposal No 48: The Commission will increase consultation and dialogue with civil society in the preparation and implementation of texts.

## 2.3 Review of proposals in the Communication Towards a Single Market Act

Having identified the most relevant proposals, we now provide an overview of these from the Commission's Communication Towards a Single Market Act, and drawing on this and other literature, state why a particular proposal is likely to have an impact on, and be relevant to LRAs.

**Proposal No 4: The Commission and the Member States will cooperate in continuing to develop the internal market in services on the basis of the 'mutual evaluation' process set out in the Services Directive and currently implemented by the Member States and the Commission. In 2011, the Commission will indicate specific measures to this end, including in the business services sector.**

The services economy is a crucial sector for Europe's economic recovery. It accounts for over 70% of all jobs and for all net job creation in the Single Market. The Services Directive is responsible for EU-wide economic gains of between EUR 60-140 billion, representing a growth potential of 0.6-1.5% of GDP at conservative estimates. Since 2010, the Commission and Member States have jointly assessed the outcome of Member States' efforts to lift barriers to the functioning of the Single Market. This process, known as mutual evaluation, is based on Member States' reports concerning a screening of their legislation and subsequent changes made.

The mutual evaluation process is both a challenge and a unique opportunity. It will involve 'digesting' and analysing a substantial amount of information that will be notified by the Member States. If managed successfully, this mutual evaluation process could facilitate a more active involvement of LRAs in the formation of future policy for services.

The proposed action could play an important role in developing the business services sector at regional and local levels on the condition that effective benchmarking criteria are established and that the views of LRAs are taken into account regarding the creation of specific measures for promoting convergence between national legislation. The effect of greater LRA involvement could be a more level playing field for services among different EU regions.

**Proposal No 5: By the end of 2011, the Commission will take initiatives to develop e-commerce in the internal market. It will concentrate on problems faced by consumers in the digital economy. These initiatives will include a Communication on the operation of electronic commerce and guidelines for the Member States to guarantee the effective application of provisions in the Services Directive to combat discrimination against recipients of services because of their nationality or place of residence.**

The online Single Market for goods and services is an area where consumers face significant problems. This is reflected by the fact that only 7% of consumers use the internet to purchase products. Discrimination based on nationality and place of residence remains a barrier to cross-border purchases within the EU. One of the main problems is that up to 61% of online purchases are rejected by companies who refuse to allow transactions across different Member States. The lack of internet infrastructure and connection capabilities in poorer EU regions exacerbates this problem, since a large number of consumers are cut off from the online market. Therefore, the proposal could play an important role in reducing discrimination in e-commerce by providing guidance to the Member States.

By helping to facilitate the wider participation of EU citizens in e-commerce, the proposal could be an effective tool for LRAs to raise awareness among European citizens about e-commerce opportunities as well as their right to access online services.

In terms of promoting access at local and regional level to cross-border products and services, the proposal offers useful communication and guidelines which could be used by LRAs to unlock new groups of online consumers and potentially SME online start-ups, by providing EU citizens with a stronger understanding of discriminatory practices based on nationality and their place of residence.

The proposal is very relevant because many LRAs and territories are located in areas in close proximity to internal EU borders. Given the major increase in e-commerce activity in the past decade, both Business to Business (B2B) and Business to Consumer (B2C), the need for enterprises to take full advantage of the potential of cross-border e-commerce opportunities should be actively promoted by LRAs. There is presently wide variance between Member States and regions in terms of the level of online transactions for goods and services and in many regions, this area is considerably under-developed. From a cohesion policy perspective, e-commerce has the potential to 'level the playing field' in Less Favoured Regions within the EU.

**Proposal No 6: The Commission will propose a legislative reform of the standardisation framework in 2011 to make standard-setting procedures more effective, efficient and inclusive and to extend the scope of the procedures from goods to services.**

The introduction of product standards at European level has been a key tool for ensuring that citizens are offered high-quality goods and services that are not harmful to health and that businesses can use innovative and internationally recognised standards without difficulty. Yet there is further scope for the development of the existing standards system in consultation with national standards bodies to enable standards to be set more quickly in line with technological developments and to ensure that all stakeholders (businesses, consumers, public authorities) can fully participate in the standard-setting process. A clearer framework may also be required for services standardisation to ensure a consistent approach to services standards across the Single Market.

Improvements in standardisation processes are relevant from an LRA point of view. LRAs are closer to consumers and to enterprises than national government. Therefore, standardisation processes can play an important role in strengthening consumer protection in access to high quality services (including services of general interest), and this should be fully recognised. LRAs may play a valuable role in raising awareness about consumer rights in accessing services.

**Proposal No 7: In 2011 the Commission will adopt a White Paper on Transport Policy, which will propose a series of measures intended in particular to remove the remaining obstacles identified between means of transport and between national systems of transport.**

Transport has a vital role to play in modern economies. A single, interconnected and efficient European transport system is essential to the smooth movement of goods, people and services. However, the creation of a single transport system is still being delayed by a number of technical, administrative and regulatory obstacles that have been hampering the competitiveness of the single co-modal transport market in particular and holding back economic growth in Europe in general.

With regard to the infrastructure, there are still considerable obstacles to the free flow of goods as a result of both technical and administrative barriers. These often form "bottlenecks" which impede the movement of goods over a much wider area. Failure to implement EU legislation properly causes problems and there is still considerable fragmentation in the transport market, particularly affecting the use of different modes of transport in an integrated way.

With regard to the LRA dimension, many of these issues need addressing simply in terms of the need by localities and regions for efficient transport systems within their own areas. Seeing these issues in a Single Market context could in many instances help to solve local problems as well as contributing to a more efficient Single Market.

In addition, and increasingly, with the development of market surveillance systems, the less tangible contributions that LRAs can make to the efficient flow of goods will become more important. By channelling information about blockages at a local level through national and eventually European surveillance systems, LRAs will be able to make a big contribution to this developing aspect of the Single Market.

**Proposal No 11: The Commission will present, in early 2011, an energy efficiency plan to exploit the potential for significant energy savings by complementing existing policies in all sectors where energy is consumed.**

LRAs have a major responsibility for working with energy suppliers, both at a strategic and a detailed planning level. They can be influential in physically delivering the Single Market in Energy, especially in border regions, while at the same time acting to address environmental concerns, including the promotion of reductions in energy use through greater energy efficiency, for example, through better insulation and support for sustainable energy-supply solutions (co-generation, heating and cooling).

In addition, with their proximity to consumers and their persuasive information and communication channels, LRAs can promote smart metering - enabling energy consumers to be better informed of their consumption patterns and the associated costs, while also promoting new technologies and associated local employment opportunities. The introduction of an energy efficiency plan, if tailored to the needs of the Single Market, would provide the necessary framework in which LRAs can fully exploit their knowledge of existing energy efficiency measures in regional and local energy sectors, while also developing a litany of good practice examples that can be used to assist the introduction of the Energy Efficiency plan among other LRAs.

**Proposal No 13: The Commission will assess the Small Business Act by the end of 2010 with the aims of ensuring that the 'Think Small First' principle is implemented in both policy and the legislative procedure in order to closely link the Small Business Act with the Europe 2020 Strategy.**

The Small Business Act is the main instrument for promoting SMEs' competitiveness and entrepreneurship within the Single Market and beyond. Its review will consolidate the implementation of its measures (in particular the 'Think Small First' principle) and bring it into line with the Europe 2020 Strategy by suggesting new measures in areas such as the internationalisation of SMEs.

At local and regional level, LRAs have an important role to play in the implementation of the 'Think Small First' principle at a practical level, for example, by supporting initiatives to promote the development and growth of SMEs. The new, more active approach to the development of the Single Market that has been evident in recent years has emphasised that consumers and SMEs should be the drivers in the future on-going construction of the Single Market. LRAs can facilitate this process by acting as the voice of SMEs in their community and raising the issues that small firms face in cross-border trading at national and European levels. However, there are also many more direct ways that LRAs can help.

The differing areas mentioned above, where LRAs can make a positive contribution to the further development of the Single Market require better information and business support to be provided, often by facilitating better access to the networks that exist at European level to address Single Market issues.

Plugging in more effectively to networks such as EURES and SOLVIT, the Enterprise Europe Network and developing support services that aim to provide better intellectual property management and enforcement are practical and important steps in providing more effective support.

In critical areas, such as the development of a Digital Single Market and the follow-up to the Services Directive, LRAs can assist their local business communities to see the new opportunities that exist in cross-border trading and where necessary to build preparation for these developments into local and regional development strategies. Frequently this will also require making the necessary training provision in order to develop the appropriate capacities.

**Proposal No 16: The Commission will explore measures with the potential to encourage private investment – particularly in the long term – to make a more active contribution towards achieving the objectives of the Europe 2020 strategy.**

**These measures might concern the reform of corporate governance and create incentives for the long-term, sustainable and responsible investment required by smart, green and inclusive growth. Moreover, by 2012 the Commission will ensure that venture capital funds set up in any Member State can operate and invest freely in the European Union (if necessary by adopting a new legislative framework). It will endeavour to eliminate any tax treatment that disadvantages cross-border activities.**

Lack of access to finance for SMEs is often cited as an obstacle to growth and to the creation of jobs. Adequate funding for the European infrastructures underlying the success of the Europe 2020 strategy is also imperative. The Commission is proposing to explore the extent to which reform of corporate governance, the development of investment labels or assessment methods that are independent of investment can contribute to achieving these objectives.

Venture capital is an essential source of finance, in particular for innovative start-up businesses. Nevertheless, access to venture capital in the EU is complicated by fragmented and underperforming venture capital markets. What is needed is a regulatory environment that permits venture-capital funds to operate across the EU, and coordination of taxation rules to avoid double-taxation risks.

With regard to the LRA perspective, strengthening access to finance for SMEs is clearly in the interest of broader efforts to stimulate new enterprise creation and to foster a supportive environment to encourage the growth and development of SMEs (see Proposal 13).

While most Venture Capital Funds are operated by the private sector, in some regions, Regional Venture Capital Funds have been set up partly funded by the public sector to help address the financing gap, especially in less developed EU regions. Such funds (which can be managed either by the public or private sectors) have sometimes made use of the availability of ERDF Structural Funds. Evidently, legislative measures to enable VC funds to operate more easily and invest on a cross-border basis has potential to benefit regions in cross-border areas, and to encourage VC funds to invest more widely in regions that may hitherto have been difficult to invest in due to the prevalence of complex national legislative frameworks which may deter such investment by non-national VC funds.

**Proposal No 17: After the currently on-going assessment of European public procurement legislation, and based on wide-ranging consultation, the Commission will make legislative proposals in 2012 at the latest with a view to simplifying and updating the European rules to make the award of contracts more flexible and to enable public contracts to be put to better use in support of other policies.**

The proposed initiative in respect of public procurement has already been analysed under the 12 levers – Lever 12 public procurement.

**Proposal No 18: In 2011 the Commission will adopt a legislative initiative on services concessions. Clear and proportionate rules will improve market access for EU undertakings by ensuring transparency, equal treatment and a level playing field for economic operators. They will also promote public/private partnerships and boost the potential for delivery of better value for money for users of services and for contracting authorities.**

Services concessions represent 60% of public-private partnership (PPP) contracts (accounting for EUR 118.8 billion in 2006). Improving the competitive conditions for the award of services concessions and reducing legal uncertainties would provide a favourable environment for infrastructures to operate efficiently. Public-private partnerships, and in particular services concessions, enable the mobilisation of long-term investment in sectors such as energy, waste management and transport infrastructure.

Currently, since services concessions are not addressed in the two Public Procurement Directives from 2004 (2004/17/EC and 2004/18/EC), there remain legal uncertainties with regard to their provision. The Commission's new legislative initiative will have important impacts for local authorities in that it will provide a supportive EU framework for the creation of public-private partnerships without placing excessive administrative burdens on LRAs. This could clearly potentially have a major impact on LRAs when considering different options to ensure long-term service provision in areas of public services that require significant investment in infrastructure, such as the construction of new hospitals, especially during the present period of global economic downturn, which means that national governments may lack the resources to embark on major new infrastructure projects without private sector investment through PPP.

Ultimately, the legislation may bring about greater value for money for users of services and for contracting authorities by improving transparency and by reducing legal uncertainty in this area.

## **Creating a business-friendly legal and fiscal environment**

A number of measures were proposed in the Communication to reduce administrative and regulatory burdens, such as the proposed linking of company registers, and the mutual recognition of e-identification and e-authentication in the EU, and initiatives relating to the corporate tax base and to VAT.

**Proposal No 21: In 2011 the Commission will propose legislation to introduce the linking of company registers.**

The absence of a network of national company registers complicates access to information on businesses in other Member States, which results in a considerable administrative burden and significant costs for businesses involved in cross-border activities, and a lack of transparency for other businesses, consumers and public authorities.

This lack of transparency is a barrier the establishment of links between local and regional businesses that wish to increase cross-border cooperation and commerce with companies having a local and regional focus. By linking company registers, it will become easier for LRAs to promote local business opportunities for potential foreign inward investors in local economies and to facilitate the entrance of local and regional businesses into foreign markets.

By ensuring greater transparency, the linking of company registers could also have important potential benefits in terms of improving confidence among public authorities at local and regional level in foreign providers responding to public procurement opportunities. This in turn could lead to greater competition among service providers taking part in public procurement contests and ultimately lead to improved value for public money.

**Proposal No 22: By 2012 the Commission will propose a Decision to ensure mutual recognition of e-identification and e-authentication across the EU based on online authentication services to be offered in all Member States. In 2011 the Commission will propose a revision of the Directive on electronic signatures with a view to providing a legal framework for international interoperability and recognition of e-authentication systems.**

As highlighted in the Commission's Communication on the digital agenda, in order to ensure the proper functioning of the Single Market, instruments such as the Services Directive or the e-procurement action plan require businesses to be able to interact electronically with the authorities, including across borders. Interoperability and mutual recognition of national arrangements for e-

identification and e-authentication are prerequisites for using public eservices without problems across borders.

LRAAs face specific problems related to the introduction of e-identification and authentication, namely the lack of all citizens' access to online services and secure E-voting systems. LRAAs could have a strong impact in promoting greater uptake of online services requiring e-identification and authentication technologies.

Given that there has been relatively little diffusion of e-identification and e-authentication technologies across the Member States, in particular among LRAAs, there remains scope for LRAAs to make substantial efficiency savings through the greater use of online services and through new ways of communicating with communities at local and regional levels.

The Commission's decision to promote e-authentication systems is likely to increase the ability of LRAAs to enhance ICT competences among local and regional administrative staff, which is one of the largest barriers to achieving the strategic aims in e-government action plans. In addition, this would facilitate interaction between LRAAs, which require organisational and technical cooperation (horizontal integration) in implementing local and regional policies. One of the benefits for LRAAs of greater provision of online authentication services is that it allows them to retrieve data or subsidiary services from other authorities or agencies which can be used to reduce the time taken to administer paper bureaucracy.

### **Being competitive in global markets**

**Proposal No 25: The Commission undertakes to adopt, by 2011, a Communication and a series of measures on services of general interest.**

Public services, including **services of general interest and** social services of **general interest (SSGG)**, need to be of the highest quality and accessible to all, including people with disabilities. The Commission will therefore provide public authorities with a 'tool-kit' covering relevant issues (such as financing, public procurement and cooperation between public authorities) to better enable them to provide high-quality local public services that meet citizens' needs, evaluate the quality of services and make comparisons at sectoral and transnational levels. It should also allow Europeans to assess how the quality of services provided has evolved over time, particularly through reforms to liberalise large network industries (transport services, postal services, energy).

It will also seek to improve universal access to services for all European citizens, including those that presently experience accessibility problems.

With regard to the local and regional dimension, many (social) services of general interest are provided directly by LRAs, or by private contractors working on an outsourcing basis to deliver public services to citizens. It is therefore vital that LRAs actively engage in the debate on the new proposed Communication and a series of measures on services of general interest.

The development of new guidance on how to ensure that such services are genuinely accessible for all should provide a framework that will be highly relevant to the day to day activities of LRAs in managing and delivering public services and also to strategic planning processes.

**Proposal No 27: The Commission will adopt a Communication on energy infrastructure priorities up to 2020/2030 in order to contribute to the development of a fully operational internal energy market by tackling missing infrastructure links and facilitating the integration of renewable energy. The tools necessary for implementation will be proposed in a new European instrument for energy security and infrastructure, to be tabled in 2011.**

Although energy is a relative late-comer to the Single Market, interconnecting Europe's energy markets is essential and the Monti Report points out that it is an area of some urgency. The Single Market sits at the nexus of all Europe's energy policy objectives: competitiveness, security of supply, and sustainability and in direct practical terms, Europe needs a functioning Single Market for energy to ensure secure and affordable supplies for its consumers and businesses, while also addressing the major issue of climate change.

Although there are still regulatory and framework issues to be resolved, notably under the third Internal Energy Market Package, there are other areas where LRAs play an extremely important facilitating or complementary role, working with the energy suppliers.

There is still a major need for new physical infrastructure and better interconnections, particularly across borders, to facilitate the operation of the Single Energy Market and to make Europe better equipped to withstand supply crises. LRAs have a major responsibility for these developments, both at a strategic and a detailed planning level. They can be enormously influential in physically delivering the Single Market in Energy, especially in border regions, while at the same time acting creatively to address environmental concerns,

including the promotion of reductions in energy use, for example, through better insulation and more intelligent usage.

However, in addition, with their proximity to consumers and their persuasive information and communication channels, LRAs can help consumers, especially vulnerable ones to be aware of, and benefit from, competition and fair prices. In some cases they will be able to promote smart metering - enabling energy consumers to be better informed of their consumption patterns and the associated costs, while also promoting new technologies and associated local employment opportunities.

### **Small and medium-sized enterprises (SMEs)**

European SMEs are not just a source of innovation and jobs, but are also the large businesses of the future. The Single Market must create a legal environment that is favourable to the creation and development of SMEs. In this respect, the matter of access to financing appears to be crucial.

**Proposal No 34: The Commission will develop, in cooperation with the Member States, a ‘Youth on the Move card’ helping all young people to move to another Member State to study. It will expand its ‘Youth on the Move’ Internet site by providing information on distance learning and opportunities to study and train in Europe.**

A period spent abroad should become a standard part of the training of all young Europeans, enabling them to subsequently find a fulfilling job, having acquired new skills, including language skills. As part of the ‘Europe 2020’ strategy, the Commission proposed a number of measures in its Communication ‘Youth on the Move’ aimed at helping young people to acquire the knowledge, skills and experience they need to find their first job. One such measure currently being evaluated by the Commission is the possibility of creating European student mobility loans to give more young Europeans, in particular the most disadvantaged among them, the opportunity to experience a period of study, training or job placement in another country.

LRAs are often responsible for delivering education policies and play an important role in encouraging young people to engage in mobility in order to achieve educational qualifications and develop language skills. LRAs also implement measures to help close the opportunity gap between young people from secure social and economic backgrounds and those from disadvantaged areas of society.

Schemes designed to raise youth educational attainment and work opportunities often require regular face to face contact between LRA representatives and young people. However, many LRAs lack the financial and human resources to respond effectively to the full range of issues faced by young people. By expanding its Youth on the Mouth website the Commission will complement work carried out by LRAs in raising awareness about opportunities to study and take part in training activities in different Member States.

LRAs are essential for the effective delivery of actions set out in the Youth on the Move framework, and Europe 2020 Agenda more widely. However, in preparing the Communication and measures to facilitate mobility it has been argued that the views of LRAs were not fully taken into account even though they are closely involvement in this area of work and are best placed to support access to mobility and facilitate actions with social partners.

The proposal addresses the need to improve the information available on mobility opportunities; encourage language learning; address legal and institutional obstacles to learning abroad; ensure mobility experiences are of high quality and lead to recognised outcomes; target disadvantaged learners; stimulate partnerships between the business and education sectors, and emphasize entrepreneurship as a means to broaden the ways for youth to manage in a changing society. These issues are highly relevant for LRAs across the EU, which often have legal responsibilities in these areas.

**Proposal No 44: The Commission and the Member States will cooperate in continuing to develop the internal market by stepping up the procedure for evaluating the acquis, in particular using the 'mutual evaluation' process set out in the Services Directive and currently being implemented by the Member States and the Commission. The experience gleaned from the mutual evaluation process of the Services Directive will also be applied to other key Single Market legislation.**

The Commission will continue its evaluation work, based on the specific feedback of experiences, trying out and reinforcing synergies between existing tools (market surveillance, sectoral surveys, consumer scoreboard, etc.). To this end, it will regularly draw up a list ('Top 20') of Single Market actors' wishes (businesses, consumers, workers, students, pensioners). This list will serve as a barometer for the state of the Single Market and its operation in practice.

The Commission will regularly examine the state of the Single Market in partnership with the actors concerned by organising a Single Market forum with the European Parliament each year involving the other institutions, representatives of the Member States (including at regional and local level),

national parliaments, citizens and stakeholders. The first forum is expected to take place in 2011.

**Proposal No 48: The Commission will increase consultation and dialogue with civil society in the preparation and implementation of texts. Particular attention will be paid to taking into account the points of view of consumers, NGOs, trade unions, businesses, savers, users and local authorities in the consultations prior to the adoption of proposals and, in particular, with regard to the work of expert groups.**

Single Market policy can only be enriched by the contributions of a wide range of stakeholders. Only a small part of the contributions received by the Commission currently come from parties other than professionals in the sectors concerned. Consumers, small investors, small businesses, employee representatives, NGOs and representatives of local and regional authorities can contribute useful views on the implementation of measures in the field and help determine whether the policies proposed can really provide added value for citizens.

Furthermore, LRAs play an important role in promoting the smooth functioning of relations with small businesses, employee representatives, NGOs, Trade Unions and other interest bodies within their territory. There is a need to ensure that LRAs remain relevant and are capable of addressing the concerns of these groups. A key problem is that many issues affecting local and regional social partners are increasingly addressed at the European level through the social dialogue, which until recently has had relatively little experience of LRA participation.

The active participation by LRAs in consultation processes relating to policy and legislative initiatives to complete the Internal Market should be encouraged. LRAs are increasingly important actors in the context of a bottom-up driven approach in which consumers and SMEs play a more active role in driving the internal market. LRAs are also important in promoting the engagement of wider local and regional actors to get involved in European Social Dialogue such as NGOs, Trade Unions and Employers' organisations.

Less favoured regions are often more adversely affected by the current financial crisis than major urban conurbations, therefore it is vital that they are involved in consultation processes on internal market issues that have potential to strengthen their economic competitiveness. By encouraging LRAs to be more actively involved in the social dialogue, the Commission's could ensure that local and regional views are taken into account when preparing and implementing new policies.

The proposals aim to involve social partners more closely in the preparation and implementation of policies and legislative texts and this could send a positive message to local and regional businesses that LRAs are capable of raising their concerns effectively at the European level. This might also lead to enhanced cooperation on a wider range of issues between civil society partners and LRAs as social partners become more aware of the role LRA's have in shaping EU policy development.



### 3. A review

In the following table, a review is provided of links between the April 2011 Communication outlining 12 Levers for the Single Market Act (COM(2011) 206/4) and the October 2010 Communication ‘Towards a Single Market Act’ (COM(2010) 608 final).

<i>Twelve levers to Boost And Strengthen Confidence in the Single Market ((COM(2011) 206/4)</i>			
Access to finance for SME's			
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.	High	There is crossover between this key action and proposal numbers <b>12</b> and <b>13</b> .
Mobility for citizens			
Key action	Legislation modernising the system for recognising professional qualifications. 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.	High	There is crossover between this key action and proposal numbers <b>33</b> and <b>35</b> .

Intellectual property right			
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.	High	There is crossover between this key action and proposal number <b>1</b> .
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.	High	There is crossover between this key action and proposal number <b>46</b> .
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 inclusive.	High	There is crossover between this key action and proposal numbers <b>6</b> .
Networks			
Key action	Energy and transport infrastructure legislation serving to identify and roll out strategic projects of European interest and to ensure interoperability and inter-modality	High	There is crossover between this key action and proposal numbers <b>11</b> and <b>27</b> .

The Digital Single Market			
Key action	Legislation ensuring the mutual recognition of electronic identification and authentication 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).	High	There is crossover between this key action and proposal number <b>22</b> .
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).	High	There is crossover between this key action and proposal numbers <b>15, 16</b> and <b>36</b> .
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.	high	There is crossover between this key action and proposal number <b>8</b> .

Social Cohesion			
Key action	Legislation aimed at improving and reinforcing the transposition, implementation and enforcement in practice of the Posting of Workers Directive, 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.	High	There is crossover between this key action and proposal numbers <b>30</b> .
Business Environment			
Key action	Simplification of the Accounting Directives as regards financial information obligations and reduction of the administrative burden, particularly for SMEs.	high	There is crossover between this key action and proposal number <b>14</b> .
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 SMEs.	high	There is crossover between this key action and proposal numbers <b>17</b> and <b>24</b> .

In the following table, a review is provided of links between the 2010 Communication ‘Towards a Single Market Act’ and then links with the April 2011 Communication 12 Levers for the Single Market Act (COM(2011) 206/4) are outlined.

<b>Commission Communication ‘Towards a Single Market Act’ (COM(2010) 608 final)</b>			
1. Sustainable and equitable growth for business			
1.1 Promoting and protecting creativity			
Proposal No.	Content	Relevance to LRA’s	Links with the April 2011 Communication
Proposal No 1	The European Parliament and the Council should take the necessary steps to adopt the proposals for the EU patent, its languages and the unified patent litigation system. The aim is for the first EU patents to be issued in 2014.		This proposal is connected to key action <b>2.3, <i>Intellectual property right</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence
Proposal No 2	In 2011 the Commission will submit a proposal for a framework Directive on the management of copyrights, with the aim of opening up access to online content by improving the governance, transparency and electronic management of copyright. <i>The Commission will also be proposing a Directive on orphan works.</i>		

Proposal No 3	In 2010 the Commission will propose an action plan against counterfeiting and piracy, including both legislative and non-legislative measures. Furthermore, in 2011 it will make legislative proposals, in particular to adjust the legislative framework to meet the needs generated by the development of the Internet and to enhance customs work in this area, and it will re-examine its strategy on the implementation of intellectual property rights in third countries.		
<b>1.2 Promoting new approaches towards a sustained economy</b>			
Proposal No 4	The Commission and the Member States will cooperate in continuing to develop the internal market in services on the basis of the 'mutual evaluation' process set out in the Services Directive and currently implemented by the Member States and the Commission. In 2011, the Commission will indicate specific measures to this end, including in the business services sector.	High	
Proposal No 5	By the end of 2011, the Commission will take initiatives to develop electronic commerce in the internal market. It will concentrate in particular on problems faced by consumers in the digital economy. These initiatives will include a Communication on the operation of electronic commerce and guidelines for the Member States to guarantee the effective application of provisions in the Services Directive to combat discrimination against recipients of services because of their nationality or place of residence.	High	Complements the flagship initiative " <b>A Digital Agenda for Europe</b> ", which aims to deliver sustainable economic and social benefits from a digital Single Market based on fast and ultra-fast internet and interoperable applications.

Proposal No 6	The Commission will propose a legislative reform of the standardisation framework in 2011 to make standard-setting procedures more effective, efficient and inclusive and to extend the scope of the procedures from goods to services.	High	This proposal is also connected to key action <b>2.5, Services</b> of the Twelve Levers To Boost Growth and Strengthen Confidence.
Proposal No 7	In 2011 the Commission will adopt a White Paper on Transport Policy, which will propose a series of measures intended in particular to remove the remaining obstacles identified between means of transport and between national systems of transport.	High	
Proposal No 8	In 2011, the Commission will be adopting a proposal to revise the Energy Tax Directive so as to better reflect the EU's climate and energy objectives in the fiscal context, by lowering the minimum duty rates on CO2 emissions and on energy content.		This proposal is also connected to key action <b>2.9, Taxation</b> of the Twelve Levers To Boost Growth and Strengthen Confidence.
Proposal No 9	The Commission will propose an initiative to establish a High Level Group on services to businesses in order to study deficiencies in the market and issues of standardisation, innovation and international trade in sectors such as logistics, installations management, marketing and advertising.		

Proposal No 10	Before 2012, the Commission will look into the feasibility of an initiative on the Ecological Footprint of Products to address the issue of the environmental impact of products, including carbon emissions. The initiative will explore possibilities for establishing a common European methodology to assess and label them.		
Proposal No 11	The Commission will present, in early 2011, an energy efficiency plan to exploit the potential for significant energy savings by complementing existing policies in all sectors where energy is consumed.	High	This proposal is also connected to key action <b>2.6, Networks</b> of the Twelve Levers To Boost Growth and Strengthen Confidence
<b>1.3 For small and medium-sized enterprises</b>			
Proposal No 12	The Commission will adopt an action plan for improving SME access to capital markets in 2011. This will include measures to make investors more aware of SMEs, to develop an efficient stock exchanges network or specific regulated markets focussing on SMEs and to make listing and disclosure requirements more adapted to SMEs.		This proposal is also connected to key action <b>2.1, access to finance for SMEs</b> of the Twelve Levers To Boost Growth and Strengthen Confidence

Proposal No 13	The Commission will assess the Small Business Act by the end of 2010 with the aims of ensuring that the 'Think Small First' principle is implemented in both policy and the legislative procedure and linking the Small Business Act closely with the Europe 2020 Strategy.	High	This proposal is also connected to key action <b>2.1, access to finance for SMEs</b> of the Twelve Levers To Boost Growth and Strengthen Confidence
Proposal No 14	The Commission will propose a review of the accounting Directives in 2011 to simplify financial reporting obligations and to reduce the administrative burden, especially for SMEs.		
<b>1.4 funding innovation and long-term investment</b>			
Proposal No 15	The Commission will consider encouraging the creation of project bonds to finance European projects.	High	This proposal is also connected to key action <b>2.8, Social entrepreneurship</b> of the Twelve Levers To Boost Growth and Strengthen Confidence.

Proposal 16	No	The Commission will explore measures with the potential to encourage private investment – particularly in the long term – to make a more active contribution towards achieving the objectives of the Europe 2020 strategy. These measures might concern the reform of corporate governance and create incentives for the long-term, sustainable and responsible investment required by smart, green and inclusive growth. Moreover, by 2012 the Commission will ensure that venture capital funds set up in any Member State can operate and invest freely in the European Union (if necessary by adopting a new legislative framework). It will endeavour to eliminate any tax treatment that disadvantages cross-border activities.	High	This proposal is also connected to key action <b>2.8, <i>Social entrepreneurship</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence.
Proposal 17	No	After the currently on going assessment of European public procurement legislation, and based on wide-ranging consultation, the Commission will make legislative proposals in 2012 at the latest with a view to simplifying and updating the European rules to make the award of contracts more flexible and to enable public contracts to be put to better use in support of other policies.	High	
Proposal 18	No	In 2011 the Commission will adopt a legislative initiative on services concessions. Clear and proportionate rules will improve market access for EU undertakings by ensuring transparency, equal treatment and a level playing field for economic operators. They will also promote public/private partnerships and boost the potential for delivery of better value for money for users of services and for contracting authorities.	High	

1.5 Creating a business-friendly legal and fiscal environment

Proposal 19	No	The Commission will take steps to improve the coordination of national tax policies, notably by proposing a Directive introducing a common consolidated corporate tax base (CCCTB) in 2011.		
Proposal 20	No	The Commission will publish a new VAT strategy in 2011 on the basis of a Green Paper conducting a fundamental review of the VAT system, planned for 2010.		
Proposal 21	No	In 2011 the Commission will propose legislation to introduce the linking of company registers.	High	
Proposal 22	No	By 2012 the Commission will propose a Decision to ensure mutual recognition of e-identification and e-authentication across the EU based on online authentication services to be offered in all Member States. In 2011 the Commission will propose a revision of the Directive on electronic signatures with a view to providing a legal framework for international interoperability and recognition of e-authentication systems.	High	This proposal is also connected to key action 2.7, <i>The digital Single Market</i> of the Twelve Levers To Boost Growth and Strengthen Confidence

1.6 Being competitive in global markets				
Proposal 23	No	The Commission will further develop regulatory cooperation with its main trading partners, both bilaterally, in the form of regulatory dialogues, and multilaterally, for example within the G20. The twofold objective is to promote regulatory convergence, including promoting equivalence of third country regimes where possible, and to push for wider adoption of international standards. On this basis it will pursue negotiations for international trade agreements (both multilateral and bilateral) with a focus on both market access and convergence on regulatory issues, particularly for services, IPR and subsidies.		
Proposal 24	No	In 2011, the Commission will present a legislative proposal in favour of a Community instrument drawing on the implementation of the European Union's international commitments in order to enhance its capacity to ensure improved symmetry in access to public procurement in the industrialised nations and the major emerging economies.		
2. Restoring confidence by putting Europeans at the heart of the Single Market				
2.1 Improving public services and infrastructure of general interest				
Proposal 25	No	The Commission undertakes to adopt, by 2011, a Communication and a series of measures on services of general interest.	High	
Proposal 26	No	In 2011 the Commission will adopt a revision of the Community guidelines for the development of the trans-European transport network, and a proposal on a global framework for the funding of transport infrastructure.		

Proposal 27	No	The Commission will adopt a Communication on energy infrastructure priorities up to 2020/2030 in order to contribute to the development of a fully operational internal energy market by tackling missing infrastructure links and facilitating the integration of renewable energy. The tools necessary for implementation will be proposed in a new European instrument for energy security and infrastructure, to be tabled in 2011.	High	This proposal is also connected to key action <b>2.6, Networks</b> of the Twelve Levers To Boost Growth and Strengthen Confidence
Proposal 28	No	The Parliament and the Council should adopt the proposed Decision establishing a European Radio Spectrum Action Programme for more efficient management and use of the radio spectrum.		
<b>2.2 Increasing solidarity in the Single Market</b>				
Proposal 29	No	Pursuant to its new strategy for the effective implementation of the Charter of Fundamental Rights by the European Union, the Commission will ensure that the rights guaranteed in the Charter, including the right to take collective action , are taken into account. The Commission will first of all conduct an in-depth analysis of the social impact of all proposed legislation concerning the Single Market.		
Proposal 30	No	In 2011, the Commission will adopt a legislative proposal aimed at improving the implementation of the Posting of Workers Directive, which is likely to include or be supplemented by a clarification of the exercise of fundamental social rights within the context of the economic freedoms of the Single Market.	High	This proposal is also connected to key action <b>2.10, Social Cohesion</b> of the Twelve Levers To Boost Growth and Strengthen Confidence.

Proposal 31	No	The Commission will re-examine the Directive on the activities and surveillance of pension funds in 2011 and will develop other proposals based on the July 2010 Green Paper on pensions, inter alia in order to remove obstacles encountered by mobile workers when making arrangements for their retirement.	High	
Proposal 32	No	The Commission will launch a consultation with the social partners in order to create a European framework for the advance planning of industrial restructuring.		
<b>2.3 Access to employment and lifelong learning</b>				
Proposal 33	No	In 2012 the Commission will propose a legislative initiative to reform the systems for the recognition of professional qualifications, based on an evaluation of the acquis in 2011, in order to facilitate the mobility of workers and adapt training to current labour market requirements. As part of this proposal, the possibility of a professional card will be evaluated.		This proposal is also connected to key action <b>2.2, <i>Mobility for citizens</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence
Proposal 34	No	The Commission will develop, in cooperation with the Member States, a 'Youth on the Move card' helping all young people to move to another Member State to study. It will expand its 'Youth on the Move' Internet site by providing information on distance learning and opportunities to study and train in Europe.	High	

Proposal 35	No	The Commission will implement the European qualifications framework in partnership with the Member States. It will propose a Council Recommendation to promote and validate training outside the classroom (non-formal and informal learning). It will also propose the creation of a 'European Skills Passport' enabling individuals to record the knowledge and skills they have acquired throughout their lives. <i>It will establish a bridge between the European Qualifications Framework and the nomenclature of occupations in Europe.</i>		This proposal is also connected to key action <b>2.2, <i>Mobility for citizens</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence
<b>2.4 New resources for the social market economy</b>				
Proposal 36	No	In 2011 the Commission will propose a Social Business Initiative in order to support and accompany the development of socially innovative corporate projects within the Single Market by means of in particular social ratings, ethical and environmental labelling, public procurement, the introduction of a new investment fund regime and the use of dormant savings.		This proposal is also connected to key action <b>2.8, <i>Social entrepreneurship</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence.
Proposal 37	No	For several reasons relating mainly to the nature of its financing and the preference of shareholders or stakeholders who support projects with a strong element of social, economic and sometimes technological innovation, the market economy is structured around a variety of different types of legal status (foundations, cooperatives, mutual associations, etc.). The Commission will propose measures enabling the quality of the legal structures concerned to be improved in order to optimise their functioning and facilitate their development within the Single Market.		

Proposal 38	No	The Commission will launch a public consultation (Green Paper) on corporate governance. It will also launch a public consultation on possible ways to improve the transparency of information provided by businesses on social and environmental matters and respect for human rights. These consultations could lead to legislative initiatives.		
<b>2.5 A Single Market serving customers</b>				
Proposal 39	No	In 2011 the Commission will draw up a multiannual action plan for the development of European market surveillance. In addition, in relation to the customs services and the market surveillance authorities of the Member States, the Commission will draw up guidelines for customs controls in the area of product safety in 2011. The Commission will also propose a revision of the general product safety Directive in order to ensure a coherent and effective framework for the safety of consumer goods in the EU.		
Proposal 40	No	The Commission will adopt a legislative initiative on access to certain basic banking services at the start of 2011. It will also call on the banking sector to submit a self-regulatory initiative geared towards improving the transparency and comparability of bank charges by the end of 2011.		
Proposal 41	No	By February 2011 the Commission will propose a Directive geared towards the creation of a single integrated mortgage market with a high level of consumer protection.		
Proposal 42	No	The Commission will adopt a Communication by the end of 2010 aimed at identifying and eliminating the tax obstacles still facing European citizens.		
Proposal 43	No	In 2012 the Commission will adopt a proposal amending the regulation on the rights of air passengers, particularly in the light of the crisis triggered by the recent volcanic eruption in Iceland, and – should the legislative proposal on the road transport sector (buses and coaches) be adopted – a Communication on the rights of passengers using all means of transport.		

3. Dialogue, partnership, evaluation: The keys to good governance of the Single Market

<p>Proposal No 44</p>	<p>The Commission and the Member States will cooperate in continuing to develop the internal market by stepping up the procedure for evaluating the acquis, in particular using the 'mutual evaluation' process set out in the Services Directive and currently being implemented by the Member States and the Commission. The experience gleaned from the mutual evaluation process of the Services Directive will also be applied to other key Single Market legislation.</p>	<p>High</p>	
<p>Proposal No 45</p>	<p>In early 2011 the Commission will present a strategy on extending the Internal Market Information system (IMI) to other legislative areas during 2011, with a view to creating a genuine face-to-face electronic network for European administrations. This strategy will be the subject of a legislative proposal. This strategy will be the subject of a legislative proposal.</p>		
<p>Proposal No 46</p>	<p>In 2011, the Commission will be submitting an initiative on the use of alternative dispute resolution in the EU. It will also be adopting a Recommendation in 2011 on the network of alternative dispute resolution systems for financial services. The aim of these two initiatives is to ensure that simple, reasonably priced out-of-court settlement procedures are established to deal with cross-border consumer disputes. By 2012, the Commission will be proposing a European system for the settlement of on-line disputes for digital transactions. It will also carry out a public consultation on a European approach to collective redress in 2010-2011, in order to identify arrangements which could be introduced into the legal framework of the European Union and the legal systems of the Member States.</p>	<p>High</p>	<p>Local and regional authorities have a key role to play, in developing new approaches towards people-centred public eService's and in improving the interoperability of public administrations and the effectiveness of public service delivery.</p>

			<p>This proposal is also connected to key action <b>2.4, <i>Consumer empowerment</i></b> of the Twelve Levers To Boost Growth and Strengthen Confidence.</p>
Proposal 47	No	<p>The Commission will work in partnership with the Member States to develop a more resolute policy to enforce the rules of the Single Market. The Commission undertakes to prepare transposition plans and draft correlation tables for the legislative proposals provided for in the Act and to reduce the average time taken to deal with infringement files. The Commission calls on the Member States to reduce their transposition deficit of the Single Market directives to 0.5% and to provide their correlation tables with the implementing measures.</p>	
Proposal 48	No	<p>The Commission will increase consultation and dialogue with civil society in the preparation and implementation of texts. Particular attention will be paid to taking into account the points of view of consumers, NGOs, trade unions, businesses, savers, users and local authorities in the consultations prior to the adoption of proposals and, in particular, with regard to the work of expert groups.</p>	High

<p>Proposal No 49</p>	<p>In 2010, the Commission will continue to promote a one-stop shop to provide citizens and businesses with information and support concerning their rights in the Single Market, on the internet, by telephone or in person, by developing the 'Your Europe' internet portal and improving its coordination with 'Europe Direct'. The Commission will also strengthen its partnerships with the Member States with a view to ensuring that information on national rules and procedures is also available through this one-stop shop.</p>		
<p>Proposal No 50</p>	<p>The Commission, in partnership with the Member States, will strengthen informal problem-solving tools, specifically by consolidating and reinforcing the EU Pilot project, the SOLVIT network and the networks of European Consumer Centres. Based on an assessment in 2010, it will make specific proposals concerning SOLVIT in 2011. In the longer term, it will examine the conditions for potential further development of these tools and of the other alternative dispute-resolution mechanisms by forging closer ties between them, with a view to ensuring that they will eventually be able to better deal with all of the problems associated with the Single Market.</p>		