



Committee of the Regions

ECOS-V-036

99th plenary session, 31 January-1 February 2013

OPINION

BETTER GOVERNANCE FOR THE SINGLE MARKET

THE COMMITTEE OF THE REGIONS

- Under the subsidiarity principle, the single market should be guided by EU legislation only to the extent that it is actually necessary. Failure to take the subsidiarity principle into consideration may lead to problems at the implementation phase, at which point there is no longer any room for manoeuvre at national level, and therefore put economic development at risk.

- When preparing legislation, it is important to bear in mind the significant role of local and regional authorities. The "think small first" principle, in particular, stresses the importance of local activity and the conditions created at local level for business. While the framework is created at European level, economic prosperity and activity always begin at local level. It is important to take this into account when single market legislation is being developed, because it is the only way of reconciling the concept of "local" with a pan-European economy.

- Local and regional authorities implement a very large proportion of single market legislation. To prevent problems appearing when those rules are put into practice, it is important for the CoR and local and regional government to play a role in the development of EU legislation.

- When identifying key areas, priority must be given to those areas which are well placed to innovate and create quality jobs. The performance of the digital single market and of services as a whole are key and urgent priorities.

Rapporteur

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Reference document

Communication from the Commission on Better Governance for the Single Market
COM(2012) 259

Opinion of the Committee of the Regions – Better Governance for the Single Market

I. GENERAL COMMENTS

1. The single market is a key driver of European economic growth. For two decades, the free movement of goods, services, capital and workers has been the driving force behind European prosperity and Europe's economy. However, these freedoms as well as development of how they are governed provide an opportunity to further speed up the recovery from the economic crisis and to create the conditions for cohesively achieving a social market economy in the European Union. In addition, cohesion policy plays a complementary role in achieving the single market across all regions of the European Union, in particular by boosting the competitiveness of the SMEs, greening the economy, as well as emphasising know-how and innovation especially in regions with structural disadvantages.
2. The CoR points out that, at the same time, Member States must have the possibility to choose themselves which tools they use to stimulate their economies, allowing for the practical requirements and interests of their economies.

COMMUNICATION FROM THE COMMISSION

3. The communication sets out the Commission's plan for developing the single market and meeting the objectives of the Europe 2020 strategy.
4. According to the communication, the average transposition deficit was 1.2% in February this year and implementation of single market legislation is taking longer and longer. Furthermore, rules do not necessarily work well in practice, even if they have been transposed at national level.
5. The Commission communication calls for a renewed commitment to making the single market effectively deliver for growth. The proposal is made up of two separate components:
 - a. a course of action to make swift progress in key areas with the greatest growth potential;
 - b. practical measures to further improve the way single market rules are designed, implemented, applied and enforced.

VIEWS OF THE COMMITTEE OF THE REGIONS

6. The Commission's concern for the development of the single market is justified. However, while the communication puts forward general measures, it is only in specific areas or in certain Member States that implementation of rules can prove particularly problematic.
7. The Commission seeks to improve the functioning of the single market on the basis of the measures set out in the communication. The Commission's proposals are geared towards two

key objectives. On the one hand, the single market must make swift progress in areas with the greatest growth potential and, on the other hand, steps should be taken to make the single market "governance cycle" more effective. The Commission plans to use the European semester process to monitor progress. The Committee of the Regions believes this is the right course of action.

8. The communication focuses in particular on improving national implementation and strengthening the commitment of Member States.
9. To some extent, the slow pace of implementation can be explained by the weakness of Member States' political commitment to implementing individual rules. The only answer to this problem is to ensure that there is willingness and commitment at political level. The difference between legislative and administrative cultures must be taken into account right from the start of preparatory work on single market legislation.
10. The Committee of the Regions agrees with the Commission that "goldplating" is a serious problem that created new unnecessary burdens on businesses and citizens.
11. The Commission's proposals are in some respects "ex post" and the communication does not draw sufficient attention to the reasons for the slow pace of implementation.

II. FOCUSING ON AREAS WITH MOST GROWTH POTENTIAL

COMMUNICATION FROM THE COMMISSION

12. According to the communication, the areas with most growth potential are the services sector (including retail and wholesale trade, business and construction services), financial services, transport, the digital economy and the energy sector.
13. To ensure that the EU's single market rules are implemented effectively, it is proposed that Member States make a stronger commitment to implementing them and to cooperating with the Commission in the implementation phase.
 - Member States should commit to "zero tolerance" when it comes to transposition of directives, i.e. the transposition deficit and conformity deficit must be 0%;
 - Member States should informally submit to the Commission specific aspects of measures to be taken, so that the Commission can provide effective assistance during the transposition period.
14. The Commission's priorities focus on transposition of EU rules and their effective implementation. The Commission would prepare an annual report on the integration of the single market to monitor how the single market functions in practice and to identify further

action needed at EU and national level. The Commission would take steps to help ensure timely, correct and efficient implementation of EU rules in key areas.

VIEWS OF THE COMMITTEE OF THE REGIONS

15. The main objective of the Commission communication is to make the single market work better. Selecting key areas is the right course of action. In order to develop the European single market, it is essential to identify which measures would be most effective.
16. In the current economic climate, the status of financial services as one of the areas with the most growth potential is important but at the same time problematic.
17. When identifying key areas, priority must be given to those areas which are well placed to innovate and create quality jobs. The choice of key areas has been positive for local government. The performance of the digital single market and of services as a whole are key and urgent priorities.
18. Member States still have a lot to do to facilitate the activities of the digital market. Local authorities can play a role here, for example through public procurement. Carrying out public procurement electronically and fully using electronic invoicing would make a significant contribution to developing the digital market. The obstacles and challenges involved in implementing electronic commerce in the public sector go beyond technical functionality. Support from higher management, organisational adjustment and staff training are all factors critical to the success of the digital market at local and regional level and the public e-procurement associated with it.
19. Carrying out public procurement electronically will require a number of measures at national and local level. At European level, however, measures must be taken to facilitate the switch to the electronic environment. Good practices must be disseminated more effectively at European level too.
20. Responsibility for preparing national legislation lies with national authorities, which are required to implement EU legislation correctly and appropriately from a national point of view.
21. Welcomes that the Late Payment Directive is included in the list of key legislative acts of which implementation will be closely monitored. Late payment by public authorities is a major problem for small and medium-sized companies that needs to be addressed urgently.
22. Proposals to monitor implementation in Member States are to be welcomed. The publication of an annual report will give Member States the opportunity to compare their own situation with that of other Member States. On the basis of the annual report and analysis, the Commission will identify the main policy challenges and steps to be taken over the coming

year at both EU and national level. The annual report will put forward country-specific recommendations based on a more in-depth analysis of performance in each Member State, in the context of the European semester process.

III. DESIGN, IMPLEMENTATION, APPLICATION AND ENFORCEMENT OF SINGLE MARKET RULES

COMMUNICATION FROM THE COMMISSION

23. The Commission communication stresses that, when preparing single market regulation, the EU should ensure that:
- the regulation is easy to understand, unambiguous and clear;
 - the administrative burden on businesses, citizens and government is not unnecessarily large;
 - necessary administrative procedures (authorisations, etc.) can be carried out electronically;
 - information is available and businesses and citizens have access to effective judicial redress.
24. To ensure compliance with these principles, stakeholders should be consulted before the drafting of proposed legislation.
25. The Commission proposes that, where appropriate, regulations rather than directives should be the instrument used, notably where there is no need for further discretion when implementing the proposed EU rules.

VIEWS OF THE COMMITTEE OF THE REGIONS

26. The Committee fully agrees with the qualitative objectives for legislation. The clarity and intelligibility of legislation is an important objective at EU level and for national legislators.
27. Considers that the Internal Market Information system is an essential tool and that regional and local authorities require full access to the system, but also that training for staff of LRAs needs to be available to enable them to use the system efficiently
28. Under the subsidiarity principle, the single market should be guided by EU legislation only to the extent that it is actually necessary. Failure to take the subsidiarity principle into consideration may lead to problems at the implementation phase, at which point there is no longer any room for manoeuvre at national level, and therefore put economic development at risk.

29. Highlights the usefulness of the SOLVIT centres for citizens and small businesses, especially in border regions, and calls on the Commission to further promote their work and on all Member States to provide them with adequate staffing and resources
30. Notes that the European Small Claims Procedure is not sufficiently known by the competent courts and still rarely used; a particular problem for citizens making use of this procedure is the subsequent enforcement of the judgment in another Member State
31. The poor quality of some regulation is eroding the EU's actual legitimacy in the eyes of the public and businesses. For example, public procurement legislation has in practice limited the scope of Member States and local government to decide how they organise their own activities. Single market rules and a fear of breaking them are steering the organisation of services in a direction which is not always appropriate from an operational point of view.

COMMUNICATION FROM THE COMMISSION

32. The Commission states that smarter use should be made of IT to inform businesses and citizens. The Commission stresses that Member States should step up efforts to provide user-friendly information on single market activities.
33. It should be possible to carry out administrative measures electronically, especially when actions are carried out in another Member State. Cooperation between authorities should be facilitated through the Internal Market Information System.
34. With a view to solving the problems encountered by businesses and citizens, the communication proposes that there should be one, easily accessible primary help service at the national level that they can turn to.
35. Member States should commit to guaranteeing fast and effective judicial redress.
36. According to the communication, there should be one body in charge of overseeing and monitoring the single market at the national level. The Commission recommends that "single market centres" be introduced in the Member States and intends to establish a European network of single market centres.

VIEWS OF THE COMMITTEE OF THE REGIONS

37. It goes without saying that the identification and dissemination of best practice is to be welcomed. This should always form part of the Commission's normal development activities.
38. The development of cooperation between authorities along the lines proposed by the Commission is also to be welcomed. For example, the establishment of single market centres can be justified on the grounds that it would facilitate the exchange of information between

Member State authorities and the Commission. The tasks of the single market centres must be compatible with other aspects of Member States' administration.

39. When preparing legislation, it is important to bear in mind the significant role of local and regional authorities. The "think small first" principle, in particular, stresses the importance of local activity and the conditions created at local level for business. While the framework is created at European level, economic prosperity and activity always begin at local level. It is important to take this into account when single market legislation is being developed, because it is the only way of reconciling the concept of "local" with a pan-European economy.
40. Local and regional authorities implement a very large proportion of single market legislation. To prevent problems appearing when those rules are put into practice, it is important for the CoR and local and regional government to play a role in the development of EU legislation.
41. Innovations are born at the local level. Local and regional authorities can play a key role in supporting and piloting innovations. In order to develop the European single market, a model should be developed in which both local and European players have their own, natural roles to play. For example, the Commission could promote an approach in which the joint efforts of the various directorates-general are geared towards developing areas with the greatest growth potential, while the local level experiments with best practices.
42. However, not even best practices can be disseminated without a European network. The Commission is best placed to set up such networks. In policy areas and regions with the greatest innovation potential, pioneering EU-funded projects should be launched in which research provides effective support for innovation as well as teaching and learning. With the support of the Commission, all local players should have access to practices developed on this basis.

IV. OTHER FOLLOW-UP MEASURES REQUIRED

43. The European Commission has completed its communication on the Single Market Act II (COM(2012) 573 final). According to this communication, the joint involvement of the European Parliament, the EU Council, the European Economic and Social Committee, the Committee of the Regions and many stakeholders led to a widely shared political vision for the further development of the single market and made it possible to focus political attention. The CoR agrees with the Commission that, in light of the challenges posed by the economic crisis, follow-up measures must be stepped up.
44. The drivers for new growth put forward in this communication are:
 1. Developing fully integrated networks in the single market
 2. Fostering mobility of citizens and businesses across borders
 3. Supporting the digital economy across Europe

4. Strengthening social entrepreneurship, cohesion and consumer confidence.
45. Networks are the backbone of economic modernisation. An important aim is to achieve a single market where citizens and businesses can benefit from one single transport and energy market. The digital sector is without question a key driver for both productivity and creativity. Social entrepreneurship means taking active steps to involve the public and the third sector as well as a rapid increase in various partnership activities. The CoR expects practical measures so that the expectations associated with those objectives can be met without delay.
46. In addition to the abovementioned points, there are a number of issues and questions relating to the functioning of the single market which should be discussed at political level. In light of the experiences of the financial crisis, these issues must be resolved. Although many of them have already been identified in the Europe 2020 strategy and the flagship initiatives, solutions have yet to be found. The measures required have also been discussed in a number of CoR opinions, and the CoR wishes to stress the measures set out below in particular.
47. The CoR proposes (CdR 330/2010) that "territorial pacts be established where, through a flexible regional approach, local and regional authorities would focus their activities and funding on implementing the EU 2020 strategy and the flagship initiatives. There needs to be particular emphasis on projects which promote societal innovations in the region concerned and which have the maximum possible societal impact." Of particular importance are the measures for the key areas specified in the Commission's communication, such as making full use of digital possibilities in the modernisation of service processes and structures.

48. The CoR recommends that (CdR 330/2010) "the Commission implement – in the context of the Single Market Act – all the advances of the Lisbon Treaty that could help restore EU citizens' confidence in the single market, particularly Article 3 TEU, which establishes new social objectives for the EU in terms of combating social exclusion and discrimination, promoting social justice and protection, gender equality, solidarity between generations and protection of the rights of the child." Here, too, the issue is how to create fresh societal innovations so that Europe can develop pioneering projects, with innovations in a few areas and cooperation between areas providing critical solutions of universal use.

Brussels, 31 January 2013

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of the Committee of the Regions

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V. PROCEDURE

Title	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions on Better Governance for the Single Market
Reference document	COM(2012) 259 final
Legal basis	Article 307, paragraph 1, TFEU
Procedural basis	Optional referral
Date of Commission letter	8 June 2012
President's decision	15 June 2012
Commission responsible	Commission for Economic and Social Policy (ECOS)
Date adopted by commission	14 December 2012
Result of the vote in commission (majority, unanimity)	Unanimity
Date adopted in plenary	31 January 2013
Previous Committee opinions	Single Market Act, CdR 330/2010 fin, rapporteur Jean-Louis Destans (FR/PES), President of the General Council of the Eure
Date of Subsidiarity Monitoring Consultation	