



European Economic and Social Committee

INT/773
**Upgrading the Single
Market**

Brussels, 16 March 2016

OPINION

of the

European Economic and Social Committee

on the

**Communication from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions – Upgrading the Single**

Market: more opportunities for people and business

COM(2015) 550 final

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On 15 July 2015 the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on

*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions—
Upgrading the single market: more opportunities for people and business
COM(2015) 550 final.*

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 March 2016.

At its 515th plenary session, held on 16 and 17 March 2016 (meeting of 16 March), the European Economic and Social Committee adopted the following opinion by 170 votes to 2 with 1 abstention.

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) has repeatedly stated that the single market is a centrepiece of European integration, with the potential to deliver directly-felt benefits and to generate sustainable growth for Europe's economies.
 - 1.1.1 The Committee calls for green economy sectors to be given an important place in the implementation of the single market, promoting sustainable market models for production and consumption, by continuing to implement the principles of the circular economy and to tackle climate change by studying new indicators.
 - 1.1.2 With regard to the energy market, the EESC considers it necessary to step up efforts in the gas and electricity supply sector, and to apply the subsidiarity principle to energy storage distribution between different Member States.
- 1.2 The European Regional Development Funds and the European Social Fund should increasingly focus on the single market and on the social inclusion of European citizens and workers.
- 1.3 The Worker Mobility Package should be geared towards removing all obstacles to the free movement of workers, while maintaining high levels of security. To this end, the EESC advocates closer coordination between social security systems, with the introduction of welfare bodies whose functions are recognised at European level, believes it is essential for the Treaty to be implemented in full with regard to workers' rights to information and consultation, and calls for greater worker involvement in business governance.

- 1.4 The EESC believes that consumers must be seen as active players in the single market and urges the Commission to play a more active role in coordinating EU law in this area and to improve dispute settlement mechanisms. Greater efforts are needed to increase product safety and boost market surveillance, especially with regard to scams in the digital market. To this end the Committee awaits the development of a rational collective redress mechanism that works at national and transnational level.
- 1.5 The EESC believes that retail financial services should be improved in all countries and advocates the launch of one-stop shops and networks of information points in different countries, linked up to a central European system.
- 1.6 Social and collaborative entrepreneurship is crucial to social cohesion, in order to guarantee Europeans more efficient and sustainable economic growth. To this end, the EESC can contribute to the Commission's reflection and has already proposed a permanent structure¹ where the various aspects can be explored further.
- 1.7 Services and networks providing support and information, legal advice and marketing assistance should also cover the whole range of enterprise types², focusing particularly on micro-businesses.
- 1.7.1 All the organisations most representative of the diverse forms of enterprise should be involved in the social dialogue at enterprise level, where they have demonstrated their representativeness.
- 1.8 European businesses, particularly SMEs, and micro-businesses especially, need a strong, dynamic single market, and the EESC agrees on the need for a legislative proposal on business insolvency and early restructuring and supports the proposal for a second chance for entrepreneurs. Importance should be attached in the proposal to protecting workers and consumers and the need to secure proper safeguards for them.
- 1.9 The EESC believes that more must be done among businesses and public authorities to promote the principle of mutual recognition of non-harmonised goods.
- 1.10 The EESC highlights the need to reduce and eliminate administrative barriers that limit the development of businesses and that weigh principally upon SMEs and micro-businesses. The additional, superfluous requirements introduced by Member States should be removed if they run counter to a directive or its objectives; better monitoring of consistency is required from the Commission. The EESC emphasises that the specific conditions for independent

1 [OJ C 177, 11.6.2014, p. 1.](#)

2 [OJ C 255, 22.9.2010, p. 31.](#)

professionals should be retained, with more on-line cooperation between Member States' authorities.

- 1.11 It is important to improve the effectiveness of the Services Directive and its notification procedures by preventing forms of protectionism and further obstacles to the free movement of services, adopting a sector-by-sector approach to identifying discrepancies and obstacles, and the zero tolerance principle must be adopted by means of targeted infringement procedures in proven cases of non-compliance with the directive.
- 1.12 The EESC calls for a better application of the Posted Workers Directive (96/71/EC) and the 2014 Enforcement Directive.
- 1.13 It seems important and appropriate for emphasis to be placed on recognition of vocational and academic qualifications, supporting the introduction of mutual recognition, by means of a process of harmonisation that guarantees equal access.
 - 1.13.1 To this end, it is important to extend the European Professional Card to new professions.
- 1.14 It is also essential that European-level standardisation be supported through a bottom-up system in which the social partners, consumers and environmental associations are permanently involved.
- 1.15 The Committee calls for the launch of a campaign to promote the direct involvement of the public, young people in particular, to be part of what European citizenship means to each individual. It should be accompanied by the launch of a **Smartphone application** and an interactive online EU portal in all languages, with personal contributions, to ensure its full and proper functioning and to tackle the problem of asymmetric information vis à vis the public. The EESC also calls for the creation of a **crafts and apprenticeship Erasmus within the European single market**, which will enable young craftsmen and women, new professionals and apprentices to experience the unity of the European internal market and to exchange experiences and expertise.
- 1.16 The Committee also considers it important to launch a promotional campaign outside the EU, with the active involvement of the European External Action Service, on the **European single market – a unique opportunity for secure and sound partnerships, involving over 500 million people**.

2. **A roadmap to exploit the full potential of the single market**

- 2.1 The single market is the cornerstone of European integration. It is the basis for Europeans' confidence in the European project, European businesses' spirit of initiative, the sustainable and balanced development of production, commerce and services and the optimisation of human resources.

- 2.2 Recently, the Commission launched proposals for a European Energy Union, the Digital Single Market Strategy, an action plan for the establishment of a Capital Markets Union, the Trade for All initiative, a substantial package of measures on the circular economy and a package on transparency in taxation systems.
- 2.3 Over the course of the 23 years since its establishment, the single market – which was created so that all Europeans could reap the full benefit of being able to live, work, move, study, produce, sell and purchase anywhere in the European Union, without constraints of any kind – has overcome a multitude of barriers and obstacles to the unrestricted exercise of these fundamental freedoms.
- 2.4 Despite the progress made, there are still some significant shortcomings and gaps in the completion of the single market that "stifle innovation and discourage companies from developing new products and services in Europe, from hiring additional staff and from expanding to new markets³".
- 2.5 Obstacles to the free movement of people, goods and service are barriers that hinder growth and job creation, as well as damaging the competitiveness of European firms. Given the positive results achieved with Single Market Acts I and II, there is now a need for a decisive step to ensure the optimal functioning of the single market and to release the untapped potential of the single market.
- 2.6 It is therefore necessary "to continue to eliminate obstacles and remedy intellectual and ideological barriers so that this unique cooperative strategy can fully deliver and benefit all in the 28 Member States and the 3 EEA countries⁴".
- 2.7 In its 2015-2018 programme, the SMO set out the "Digital Single Market Strategy" and the "Single Market for Energy" as a priorities, along with other forms of cooperation such as developing Solvit⁵.
- 2.8 The Commission had launched the "Single Market Act I" in April 2011 and the "Single Market Act II" in October 2012 – on which the EESC issued opinions⁶ – on the basis of the recommendations put forward by the 2010 Monti report.

³ COM(2015) 550 final, point 1.2.

⁴ EESC-2014-04518-00-00 (SMO contribution to the Europe 2020 Steering Committee).

⁵ EESC-2015-05912-00-00 (SMO work programme).

⁶ [OJ C 67, 6.3.2014, p. 53](#); [OJ C 76, 14.3.2013, p. 24](#); [OJ C 24, 28.1.2012, p. 99](#).

2.9 A deeper and fairer single market is one of the Commission's ten priorities: eliminating the remaining regulatory and non-regulatory barriers to the single market in goods and services was one of the priorities set out in the *Annual Growth Survey 2015*⁷.

2.10 Since the 1988 Cecchini report on the cost of non-Europe, various action plans have established priorities for completing the single market and the Commission has repeatedly set out guidelines and measures, although so far these have not been able to produce satisfactory results. This is the background to the Commission's call for tangible action with this new roadmap.

3. **The proposals set out in the Commission's roadmap**

3.1 The roadmap sets out three main objectives for completing the single market:

- creating opportunities for consumers, professionals and businesses;
- encouraging and implementing the modernisation and innovation that Europe needs;
- achieving practical results that benefit consumers and businesses in their daily lives.

3.2 The main pillars of the initiative can be summarised as follows:

- a) balanced development of the collaborative economy;
- b) growing SMEs and start-ups;
- c) creating a borderless services market;
- d) tackling measures restricting the retail industry;
- e) preventing discrimination against consumers and businesses;
- f) modernising the technical and regulatory standardisation system;
- g) consolidating the European intellectual property rights framework;
- h) a stronger culture of compliance with rules and enforcement;
- i) transparent, effective and responsible public procurement market;
- j) strengthening the goods and services market: fully implementing the Services Directive and expanding it, mutual recognition and compliance checks for illegal products.

3.3 The Commission intends to facilitate this process by taking an active approach to implementing the various relevant directives and regulations, along with a series of measures based on need, modernisation and practical results, with a clear and, it is to be hoped, binding timetable.

4. **General comments**

4.1 The EESC has repeatedly stressed its firm belief that measures need to be taken to release the potential of the single market for the benefit of businesses, workers, consumers, citizens and

⁷ COM(2014) 902 final.

other stakeholders in areas such as services, access to financing, simplifying red tape for SMEs while respecting the protection of workers, consumers and the environment, updating and enhancing technical and regulatory standards, e-commerce, the single digital market and mobility.

4.1.1 In this regard, the Committee considers it essential to enable every single citizen, particularly young people, to take full ownership of the value of the European single market through the launch of:

- a campaign to involve Europeans directly entitled **The European single market is mine and I won't tolerate failure**, accompanied by a **Smartphone App** and an **interactive online EU portal**, available in all languages, so as to provide for optimal and full operability and tackle the problem of asymmetric information with and for the citizen;
- the creation of a **crafts and apprenticeship Erasmus within the European single market**, which will enable young craftsmen and women, new professionals and apprentices to experience the unity of the European internal market and to exchange experiences and expertise;
- a campaign for a **European single market**, to boost the informed presence of **Europe as a whole** on the global markets, especially in Asia and America, with the active involvement of the EU External Action Service.
- a campaign which should also cover the common conditions specific to sensitive service sectors in a coherent European framework.

4.2 The EESC believes that before proceeding with any new legislative initiatives, priority should be given to: mechanisms for enforcing existing rules, by setting up a dynamic system for collecting information, and better impact assessment, both to identify infringements and to frame new measures in order to make the single market more effective. At the same time, it should be considered to what extent the intended aims can be achieved through deregulation (forecast).

4.3 The EESC believes that a quality-based selection of consumer protection rules should be made, to ensure proportionality, transparency, efficiency and real European added value.

4.4 The EESC considers it a priority to reaffirm mutual recognition clauses, by analysing individual cases, in order to foster and boost the free flow of goods and services.

4.4.1 To this end, rules should be set out, some of which could in certain cases be included in a 29th regime, with reference to Member States' best practice.

4.5 The EESC supports the development of services in production sectors, by means of steps that provide new business models for the joint supply of goods and services. Improving the transposition of the Services Directive and establishing a clearer, shared formulation for the

implementing rules could ensure that applications are compliant with technical and regulatory quality standards.

- 4.6 The Committee welcomes the fact that the Commission communication devotes a chapter to the collaborative economy. It has already adopted a number of opinions on the subject⁸. It is currently drafting an exploratory opinion, at the request of the Netherlands Presidency, and two own-initiative opinions on issues related to new trends in consumption.
- 4.6.1 The EESC believes that the collaborative economy is enabling significant progress to be made towards a more ethical economy based on European values and is helping consumers to adopt ethical consumption patterns.
- 4.6.2 The collaborative economy involves, in some respects, a conceptual shift in work culture and has great potential when it comes to creating new jobs. It also brings innovative environmental benefits.
- 4.6.3 The EESC can contribute to the Commission's reflection on the subject and has already proposed a permanent structure where the reflection can be explored further.
- 4.7 In the EESC's view, it is necessary to fully exploit the potential offered by the collaborative economy while, at the same time, further clarifying the rules governing the services that it provides by collecting reliable data on the state of play across the whole of Europe. Any legislative action to be taken should factor in the need to ensure equal treatment for all market operators. It is also necessary to guarantee the high European standards of labour law, social protection and consumer protection in this area.
- 4.8 The EESC believes that it is necessary to tackle the barriers to the free movement of services, focusing on commercial services, construction, tourism and the retail sector, as well as on business services. Member States must develop better information services on national standards that affect the provision of cross-border services and justify all rules or further requirements applicable to service providers without discrimination, giving notification of them to the Commission. The EESC calls on the Commission to take steps to bring together and improve the performance of "single-contact points", by improving links between existing tools⁹.
- 4.9 The EESC considers it to be essential to step up infringement procedures to secure a culture of compliance with EU legislation and the proper transposition thereof into national settings. Member States should embrace this culture of compliance, including through strict centralised monitoring of application of legislation, faster European infringement procedures where

⁸ [OJ C 177, 11.6.2014, p. 1](#); [OJ C 13, 15.1.2016, p. 26](#); [OJ C 67, 6.3.2014, p. 23](#).

⁹ Solvit, RAPEX, product contact points, etc.

necessary, and greater cooperation and partnership between the European Commission and national authorities.

- 4.10 The EESC believes that initiatives to support SMES, start-ups, innovation and digital applications should feature more prominently in the proposed roadmap as they are essential for growth and boosting employment in the EU. It is in this context that the possibility of a second chance for entrepreneurs should be envisaged.
- 4.11 The EESC supports the Commission as it makes every effort to ensure that the new directives on public procurement¹⁰ are transposed in a timely and effective manner by the Member States, since they account for some 20% of the Union's GDP.
- 4.12 The different forms of company in the EU reflect the diversity of historical developments in Europe. Among these various forms, the emerging collaborative economy is growing in importance, as it is capable of meeting the needs of society at reasonable prices, and encompasses different types of employment and entrepreneurship.
- 4.13 The Committee urges the European Commission to promote the social economy, for instance by establishing a plan, and to remove the obstacles to that hinder social enterprises in their work and prevent them from tapping into the full potential of the single market.
- 4.14 European standardisation must serve increasingly – through the support of the social partners and stakeholders – to flesh out and enrich the processes under way in the global economies, both to bring the added value that sets us apart as a social market economy and to support the European economy in the process of globalisation.
 - 4.14.1 It would be desirable for the European culture of standardisation to have a greater presence in and more influence on global standardisation processes.

5. **Specific comments**

5.1 **Consumers and citizens**

- 5.1.1 European consumers are becoming increasingly aware that the Member State governments – often under pressure from powerful economic interests – are continuing to erect both direct and indirect barriers to the free movement of persons, goods, services and capital.
- 5.1.2 Insurance for goods, services and liabilities should operate freely in all EU Member States.
- 5.1.3 Moreover, no common electronic system, shared by Member States, has been established to harmonise and simplify motorway tolls for private and commercial vehicles.

¹⁰ Directives 23/24/25 2014.

- 5.1.4 The vehicle inspection system has not been harmonised or made accessible to Europeans in every Member State.
- 5.1.5 Electric plugs – which are increasingly useful to Europeans – have yet to be standardised.
- 5.1.6 Clothing and footwear sizes also differ between too many Member States.
- 5.1.7 The EESC advocates widespread awareness-raising campaigns for consumers on the benefits of taking firm action to further develop common single market standards.
- 5.1.8 The EESC calls on the Commission to present a proposal to harmonise public information on furniture.

5.2 **People with disabilities**

- 5.2.1 People with disabilities, representing 15% of the population of Europe, are affected by further obstacles preventing them from benefiting from the freedoms guaranteed by the single market. The Committee welcomes the European Commission's recent presentation of the European Accessibility Act, aimed at making goods and services more accessible.

5.3 **The professions**

- 5.3.1 The EESC endorses the need to establish a common set of rules for the professions, effective in all European countries, and believes that the European Professional Card should be extended to all possible categories with due regard for the provisions of the European directive on professional qualifications.

5.4 **Patents**

- 5.4.1 Mechanisms for protecting intellectual property are deficient, especially with regard to SMEs. There is also uncertainty regarding the coexistence of the European unitary patent and national patents and supplementary national protection certificates.
- 5.4.2 The EESC agrees that there is a need to set up a unified court to guarantee a single jurisdiction for cases on patents.
- 5.4.3 The EESC supports the Commission's proposal to transfer the process of granting a unitary SPC title to EU level.

5.5 **Public procurement**

- 5.5.1 As regards public procurement, the EESC is keen to see the establishment of a data collection system and new analytical tools that can detect problems and irregularities.
- 5.5.2 It could be very helpful to set up European public contracts registers, in order to detect anomalies in the procurement process.
- 5.5.3 The EESC agrees that it would be worthwhile setting up a voluntary ex ante evaluation mechanism for aspects related to the procurement procedure for certain large-scale infrastructure projects.

5.6 **Solvit**

- 5.6.1 The EESC calls on the Commission to extend the powers and influence of Solvit, in order to ensure that the Member States – in recent times seriously affected by resurgent nationalism – comply with single market rules.
- 5.6.2 The EESC notes that support for implementing the single market is still weak and there are too many national measures creating distortion and preventing its full implementation.

Brussels, 16 March 2016.

The President
of the
European Economic and Social Committee

Georges Dassis
