

Brussels, 29 November 2000

OPINION
of the
Economic and Social Committee
on
PRISM 2000
(Own-initiative opinion)
(Single Market Observatory)

On 12 July 2000, the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an own-initiative opinion on

PRISM 2000
(Single Market Observatory).

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 27 September 2000. The rapporteurs were **Mr Liverani and Mr Glatz**.

At its 377th plenary session (meeting of 29 November) the Economic and Social Committee unanimously adopted the following opinion.

1. Preliminary comments

1.1 The European Single Market Observatory (SMO) has agreed to highlight the voluntary measures carried out on the ground that deserve to be more widely known within the single market because of their motivating force, their innovatory and exemplary nature and their success. To this end, the SMO draws up an inventory of "best practices" through the database PRISM (Progress Report on Initiatives in the Single Market).

The purpose of the present opinion of the Economic and Social Committee (ESC) is to supply a framework for the ongoing updating, through a European survey, of the PRISM database. This is an initial report on the matter; the PRISM project will be the subject of an annual update by means of an opinion which will assess and draw up a balance sheet of persistent obstacles in the single market¹.

1.2 The PRISM survey has already identified close to one hundred initiatives in different areas, all contributing to facilitating the operation of the single market. The initiatives can be consulted on the PRISM database forming part of the Economic and Social Committee website (<http://www.esc.eu.int/>).

1.3 The PRISM database groups single market initiatives under the following four headings:

- a) Information and support
- b) Problem-solving processes
- c) Partnership

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This report has been compiled from several sources:

- national, at SMO level;
- national, through specific visits to Co-ordination Centres set up in the Member States;
- regional initiatives (opinion on "PRISM - regional initiatives" - CES 1400/2000, rapporteur: **Mr Pezzini**);
- cross-border initiatives (opinion on "PRISM - cross-border initiatives" - CES 1401/2000, rapporteur: **Mr Malosse**);
- surveys among the different organisations;
- research by Internet and other sources of information; and
- European agencies.

d) Agreements and codes of conduct

1.4 The initiatives listed by PRISM are voluntary and not directly profit-making: all initiatives of an industrial, financial or commercial nature with direct market involvement are excluded from it (even if these initiatives obviously help facilitate the operation of the market); initiatives which simply represent sectoral or local interests are also excluded if they provide no specific value added. All, or most, of these initiatives concern the single market of the 15, but some also concern links with other countries directly associated with the single market (e.g. European Economic Area, countries applying for accession).

1.5 The SMO has applied various criteria to the initiatives, in particular:

- their exemplarity (originality, innovation);
- their cost benefit effects (budget, logistics);
- their impact (direct effects for the participants, potential effects for the non-participants); and
- their prospects (sustainability, possible synergy effects).

2. The single market has generated a proliferation of initiatives

2.1 While respecting the regulations and directives as the starting point, the role of the initiatives taken by the economic and social actors is to choose those that are the most adequate and turn them into concrete achievements in the field, i.e. in investments, trade, jobs and partnerships.

2.2 These initiatives are undertaken at all levels (European, national, regional, local and cross-border) and are promoted by various bodies (the European Commission, public authorities, companies, professional or trade union organisations and other civil society associations).

2.3 These initiatives respond to the real needs in economic and social life and facilitate, in particular, the setting-up of partnerships at different levels. Most of the initiatives aim to support businesses with problems in the single market, or wanting to make the most of the opportunities given by the single market.

2.4 The combination of the possibilities offered by the single market and the extension of the Community programmes gradually erode the distinct barriers between European activities on the one hand, and national and local activities on the other hand, giving an increasingly European content to numerous initiatives taken in the field.

2.5 It is important to note that most of the initiatives included in the PRISM database are recent; 50 % have been started during the last five years, and 80 % during the last 10 years.

2.6 These initiatives are constantly growing in number and variety

2.6.1 Extending the freedoms given to operators in the single market generates a remarkable increase in initiatives, in terms of quantity and diversity:

2.6.2 Community aids, which are growing in number, are often at the root of partnership initiatives to use them wisely (in particular in regions benefiting from EU priority aid).

2.6.3 The need to get together in order to derive greater benefit from the single market has also been a determining factor, irrespective of whether aid from the public sector is provided or not.

2.6.4 The advent of the euro will provide even greater impetus to the development of such initiatives by facilitating transactions and comparisons.

2.6.5 The resources provided by the Internet contribute to this process by spreading information and facilitating contacts.

2.6.6 The preparations for enlargement are the source of a growing number of initiatives to facilitate incorporation of EU law and practice by applicant countries into their national laws and boost trade.

2.6.7 Once a certain critical mass has been reached, as is now the case today, initiatives feed on each other through mutual contact and chain reactions.

3. The origins of these initiatives

3.1 The European Commission was not only at the root of a growing number of directives and regulations. It accompanied this new regulation by supporting programmes for the economic and social actors, setting up partnerships and networks. These initiatives aimed at:

- a) supporting economic operators, in particular SMEs, through the Euro-Info-Centres (EIC), whose network (273 establishments) has spread throughout the regions of the EU, in particular within professional organisations, chambers of commerce, and regional administrations (including extensions in associated countries). This particularly outstanding initiative has made it possible to support numerous companies in the single market, but the EICs are still insufficiently known among SMEs as a whole. It would therefore be a good idea to launch a new European information campaign about the EICs, especially as they have the locations and skills required to be "one stop shops" providing information about the single market and the various Community initiatives for companies and socio-professional organisations;
- b) carrying out surveys to help evaluate the state of progress of the single market, published in half-yearly scoreboards. Such surveys enable entrepreneurs on the ground to provide direct input in assessing the single market, and in particular to specify the nature of the obstacles they still face in order of difficulty;
- c) informing consumers through a network of consumer information offices; these are still at an experimental stage and need to be developed further (11 offices exist at present);

- d) setting up an out-of-court regulation network for consumer disputes, while promoting quick, simple and cheap processes aimed at bringing about agreement between the two parties. As this network is still at the planning stage, it would be advisable to ensure it can be applied consistently on a European scale;
- e) developing cross-border social co-operation with the EURES-centres, which have already enabled innovative measures to be taken to facilitate cross-border labour markets (18 centres exist at present);
- f) observing the trend in the labour markets through a European observatory for employment, which has allowed operational co-operation to develop between the Commission and the social security administrations of the Member States;
- g) promoting exchanges of students, teachers, apprentices and researchers, which have grown considerably throughout the EU during the last ten years, particularly through the SOCRATES and LEONARDO programmes;
- h) dialoguing with the general public and with business interests through information campaigns and discussions, especially on their rights in the single market;
- i) permanently informing Europeans on the status of the different Community projects through the *Europa* database, which is currently among the most-used websites in Europe;
- j) direct settling of problems with obstacles through the Single Market Co-ordination Centres set up in each Member State (see point 3.2);
- k) promoting exchanges of officials between Member States, in particular within the framework of customs co-operation, which appears to have marked time recently and should be relaunched on a more ambitious basis, especially in view of the increasing joint responsibilities that Member States will be required to assume to improve the operation of the single market;
- l) trying to simplify regulations by directly associating users through the SLIM and BEST projects. These projects are still at an experimental stage, and as yet have insufficient real impact on regulations, mainly because of delays in taking the relevant decisions at the Council and Parliament. It is essential to follow these up more effectively and promote them on a wider scale;
- m) organising technical monitoring and follow-up of several individual aspects of the single market (medicines, trade marks, environment, training, etc.), through European Agencies which are already established in several EU countries;
- n) developing trans-regional partnerships (Europartenariat, Interprise, etc.), which now need to be revitalised, especially with the new prospects offered by the euro on the single market;

- o) encouraging transfers of technology, particularly for SMEs, which have developed with the help of the Structural Funds, especially the regional development programmes, and under the framework programme for research and development, which largely takes small innovative enterprises and encourages their partnership with larger ones and with research centres; and
- p) beginning infrastructure work through major trans-European networks; however, these are running behind schedule, mainly for administrative and financial reasons, and need to be speeded up.

3.2 At the urging of the Commission each Member State has created Single Market Co-ordination Centres for the single Market aimed at settling problems of obstacles within the single market directly and bilaterally between states. They have also set up single market contact points for the general public and for companies.

3.2.1 The SMO has started to visit these Co-ordination Centres to check out how they operate and see the types of problems that still persist. Summary of the visits:

Over the last few months, visits have been paid to the representatives of six Coordination Centres:

- Berlin, in June 1999;
- London and Dublin, in July 1999;
- Helsinki and Stockholm, in September 1999;
- Rome, in March 2000;
- Lisbon, in June 2000, and
- Paris, in November 2000.

3.2.2 The main remarks following the various meetings can be summarised as follows:

- a) There is a tendency to apply directly to the courts, rather than trying to reach an agreement, although the very existence of a contact point encourages plaintiffs to withdraw their complaints.
- b) The main difficulty is that of disclosing information in companies, especially SMEs.
- c) Most complaints arise from a lack of information or a misinterpretation of legal "grey areas".
- d) Most companies facing difficulties contact the European Information Centres, because usually they do not know about the Co-ordination Centres.
- e) Contacts are normally established directly between companies and the Co-ordination Centres, and not via national organisations.
- f) The companies which call in the Centre are usually those encountering problems on foreign markets, and seldom the reverse.

- g) Personal contacts between all the Centres are an important advantage as regards finding better resolutions for problems.
- h) As regards content, problems are most often encountered in the following areas: worker assignment, taxation, product quality control, mutual recognition, varying interpretations of the law and freedom of movement for goods and services.
- i) The inadequate incorporation of European legislation into national law is a fundamental problem, especially in fields such as certification, and in particular technical standards, the agri-food sector, direct and indirect taxation and public contracts.
- j) Local and regional peculiarities as regards differences between laws cause numerous problems.
- k) A disproportionate number of problems concern the applicant countries.

3.2.3 The presidency found these visits very useful and the general impression is very positive, for the Centres have solved a number of concrete problems at a level close to the user. They have also succeeded in obtaining a good level of co-operation with the Member States and in creating co-operation between Member States.

3.3 A great number of initiatives have been taken by the economic and social players, not only in partnership with the Commission, but also on their own, with or without government help:

- a) the social partners, at their own initiative, have undertaken a European social dialogue under conditions set out by the Maastricht Treaty, and these have led to contractual agreements. Three agreements have already been concluded (parental leave, fixed-term work and part-time work), which have since been converted by the Council into directives. This entry on to the stage by the social partners is a major step forward which has great development potential, as it paves the way for a greater role for Europe in collective agreements and voluntary self-regulation;
- b) Over 600 European works councils have been set up in the European Union, and many have anticipated the provisions of the directive;
- c) 60 territorial pacts for employment have been implemented in the regions of the EU, thus creating new local partnerships;
- d) several thousand European standards have been laid down by the European standardisation bodies (CEN, CENELEC and ETSI); this is already a big step forward, and one which is essential to ensuring that the EU has cohesive standards, even if the number of national standards, far from diminishing, has continued to grow on an ever-increasing scale;
- e) 480,000 European patents have been issued by the European Patent Office. These European patents already enable their holders to benefit from intellectual and industrial protection in the

Member States of their choice, although only the Community patent, which is widely awaited despite still being at the planning stage, will give full EU coverage at reduced cost;

- f) mutual recognition has been facilitated by certification agreements concluded on a European scale, but these are still too few in number and much more use must be made of them in the years ahead;
- g) a number of surveys on the single market have been conducted in several Member States, often at the initiative of or in partnership with employers' organisations; these have very useful complements to the surveys of the Commission;
- h) the prospects of setting up a European stock market, following the introduction of the euro, has inspired several initiatives, particularly Euronext between Paris, Brussels and Amsterdam. There will be strategic developments in this field in the near future, especially as Economic and Monetary Union, and the attendant background of globalisation, will inevitably require greater unification of the European stock market;
- i) associations of young entrepreneurs (junior companies, etc.) have been set up on a European scale;
- j) several associations to promote venture capital have been founded to help in particular "start-ups" in the new economy and SMEs. Technological acceleration, especially through computerisation, is thus becoming a reason for and a major source of innovative European initiatives;
- k) European codes of conduct for associations and companies have been adopted to allow working methods to be harmonised within the single market;
- l) the promotion and supervision of e-commerce are the subject of increasing self-regulation, to ensure ethical rules and better consumer protection. This is a major development which should be stepped up;
- m) machinery to facilitate company sponsorship on a European scale has recently been set up, yet another economic and cultural that deserves a special mention;
- n) legal co-operation and assistance schemes have been started between professional organisations, trade unions, lawyers' associations; these are developing as the single market becomes a reality as regards the freedom to move, work and consume from one Member State to another;
- o) urban co-operation and twinning schemes, which in themselves are initiatives with a long and successful track record, continue to develop, both between small and medium-sized towns and big cities; they enable experiences to be exchanged in numerous fields, such as the environment, transport, safety and the arts;

- p) regional and local partnerships in general have been set up in a very large number of regions, and have helped to flesh out the territory of the EU with decentralised and active mutual support and trading networks - while the growth in the number of regional representation offices to the Community institutions (194 delegations so far) has enabled fruitful contacts to develop and strengthened these partnerships further;
- q) European training schemes for civil servants have been organised in several European countries, such as the one by the European Centre in Strasbourg; these should grow further in view of the scope for increasing co-operation between the administrations of the Member States within the single market;
- r) a transatlantic dialogue for European business interests has been set up under the TABD (Trans-Atlantic Business Dialogue), and other round tables have developed (e.g. Russia, Japan), thus helping to facilitate contacts and trade agreements between the EU and its principal partners on a coherent European basis.

4. The effects of and constraints of these initiatives

4.1 The vast majority of initiatives are designed to support small and medium-sized businesses, which often have greater need of support than large companies in order to benefit fully from the single market.

4.2 It is clear that initiatives which concern other areas or actors play a less important role than those related to businesses. Nevertheless, a certain number of these exists, especially in the area of employee affairs; as yet, there are not so many concerning consumer matters.

4.3 Regarding the content of these initiatives, there have recently been a great many on the subject of Internet and E-commerce. There is obviously at present a lot to be done in this area as far as information and co-operation is concerned, especially, once again, for small and medium-sized businesses.

4.4 The main message to be learnt from these initiatives, is the decentralisation of the management of the single market, which increasingly involves the socio-professional organisations, as well as regional and local administrations.

4.5 These initiatives have major positive effects

4.5.1 There are now **permanent and direct information tools for Europeans** that are practically free, whether they be websites, particularly Europa, or networks created in partnerships throughout Europe; this is a real revolution compared with the situation only a few years ago.

4.5.2 This direct information is a **constant incentive for Europeans to use all the freedoms** at their disposal, to take new initiatives, and to make the single market an ever-increasing reality on the ground.

4.5.3 **Partnerships** have developed at all levels, involving the European institutions, the Member States and the economic and social partners in common objectives.

4.5.4 **Managing the single market** is increasingly becoming a shared mission, with administrations and socio-professional organisations playing a key role as middlemen in enacting changes on the ground.

4.5.5 **Areas of contractual freedom and self-regulation** are growing, indicating a new style of European governance calling for a new spirit of responsibility, no longer centralised and "top down" but pluralist and "interactive", or even "bottom up".

4.5.6 A genuine **European labour market** is developing, particularly in border areas, thanks to trade and relevant support measures.

4.5.7 These initiatives are helping greatly to **remove the administrative and cultural barriers** which still remain, in addition to legal directives.

4.5.8 They are also a good way of **revealing the obstacles**, particularly the legal ones, which still remain, and which these initiatives still run into all too often.

4.5.9 They constitute a reservoir of **good practices**, spreading ideas and successes and helping to make the single market a proving ground for innovation.

4.5.10 **New, common identities** - whether truly European or simply across frontiers - are thus emerging through the joint measures taken within the single market and with respect to non-EU markets.

4.6 The constraints, on the other hand, fall into different categories, some of which are more easily remedied than others:

4.6.1 Psychological aspects:

- European citizens (consumers, trade unions, employers, etc.) are not always aware of the tools at their disposal, despite their being widely publicised; and
- language and culture differences also remain, even if the different initiatives are seeking to overcome them.

4.6.2 Legal aspects:

- the hampering effects of the missing legal instruments become increasingly obvious as these initiatives develop (cf. European company statute, Community patent, removal of double taxation, etc.).

4.6.3 Technical aspects:

- individual initiatives are often too specific and not sufficiently co-ordinated with others, thereby not benefiting from the potential synergy effect; and
- the cost/benefit relationship of the initiatives, their degree of innovation, of exemplarity and of effectiveness for their participants vary a lot, even if it is often difficult to evaluate them properly.

4.6.4 Some of these obstacles have been brought to light thanks to the survey carried out in September 1999 by the European Commission in more than 3000 companies differing in size, sector of activity and nationality. Even if overall these companies recognise that the obstacles are fewer and less serious than before, the Committee noted a certain number following the various hearings:

- extra costs generated by the need to make goods and services comply with national specifications;
- excess government aid which encourages certain companies and stifles competition;
- difficulties connected with the system and non-homogeneous procedures of VAT;
- restrictions on access to markets and the existence of exclusive networks;
- the high cost of financing cross-border operations;
- inadequate punishment of tax evasion, fraud, piracy and counterfeiting; and
- the lack of legal safety in cross-border contracts and transactions.

5. Recommendations of the ESC

5.1 A proliferation of initiatives exists and the main purpose of the PRISM-exercise is, therefore, to:

- establish criteria for "best practice";
- remove obstacles hampering this; and
- make the best initiatives known.

5.2 With these goals in mind, the ESC calls upon the other actors on the single market scene - the European institutions, the Member States, the regions, and the socio-economic organisations - to increase their efforts in the following fields:

5.2.1 The European institutions should:

5.2.1.1 lift the barriers still facing initiatives within the single market by creating the necessary legal basis (Community patent, statute of the European company, etc.);

5.2.1.2 ensure that Community aid is tied more to the promotion of innovatory partnerships involving the socio-economic players;

5.2.1.3 revamp certain Community initiatives to meet the expectations expressed by users, in particular the Business Co-operation Centre (BC-CNET and B.R.E.), the Interprise programme or the MATTHEUS programme for exchanges of officials;

5.2.1.4 promote new initiatives to cope with the emphasis on certain requirements, particularly better product safety and consumer protection, the environment, combating fraud; and

5.2.1.5 encourage the socio-economic players to develop contractual and self-regulation areas to spell out and flesh out the rules of the European single market.

5.2.2 The Member States and the regions should:

5.2.2.1 improve the operation and visibility of the Contact Points and the Co-ordination Centres, in particular by making sure that these bodies are well-known among the general public and in business circles;

5.2.2.2 collaborate more with each other and with the European Commission to facilitate the operation of the single market, in particular by strengthening co-operation between administrations to ensure joint controls;

5.2.2.3 ensure that national and local regulations are compatible with European law and develop mutual recognition on a European scale;

5.2.2.4 ensure that European legislation is transposed correctly and promptly into national laws;

5.2.2.5 provide more Community aid for socio-economic players and partnerships facilitating the operation of the single market; and

5.2.2.6 beef up the role of such initiatives as means of providing relevant information on the state of the single market.

5.2.3 The socio-economic organisations should:

5.2.3.1 develop initiatives and partnerships within the single market based on the best practices in their respective fields;

5.2.3.2 establish links between complementary initiatives, so as to increase their impact and synergies within the single market;

5.2.3.3 participate directly, through codes of conduct and contractual agreements, in the development of areas of self-regulation in the definition and application of the rules of the single market; and

5.2.3.4 identify problems which persist, new needs which emerge and mention them to the competent authorities (in particular the European Commission and the ESC's Single Market Observatory).

Brussels, 29 November 2000.

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of the
Economic and Social Committee

The Secretary-General
of the
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Göke Frerichs

Patrick Venturini
