



A citizens- orientated approach to the Single Market



European Economic and Social Committee

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Foreword by Staffan Nilsson, EESC president

The current multiple crises are putting European integration to the test, calling for a completely new approach on all fronts. Citizens' trust in the European project is indispensable if we are to cope with this unprecedented challenge. To that end, it is of paramount importance that we finally close the gap between decision-makers - both at national and EU level - and people, which means putting people at the heart of the whole process.

Good governance must be our motto. Transparency, reactivity to citizens' concerns and practical needs, multi-level communication and information based on verifiable facts and figures, and civil society involvement are some of the requirements for success.

The Single Market is indeed the main achievement of European integration. It is far more than just a free trade area: it aims at facilitating people's mobility, growth and job creation. It has done just this over the past decades, but yet again the challenges arising from the current downturn and the Euro crisis are putting this unique success story at risk.

Meanwhile, a new climate is needed in terms of policy-making and communicating on the tangible benefits of the Single Market and European integration.

That is precisely the purpose of this brochure, which is based on opinions of the European Economic and Social Committee (EESC) and the European Free Trade Association Consultative Committee (EFTA CC). The European Single Market covers 30 countries and this, too, is a fact. It is our shared response to global issues and developments and there is simply no alternative.

The lack of alternatives makes it all the more urgent and crucial to communicate better and involve citizens at large in successfully dealing with 21st century challenges.



Staffan Nilsson
President of European Economic and Social Committee

Introduction

The European Economic and Social Committee (EESC) adopted in February 2012 an opinion on "A people-orientated, grassroots approach to the Single Market". In parallel, the EFTA Consultative Committee (EFTA CC) adopted an opinion on "A citizen's approach to the Single Market" which focuses on the need to promote the awareness and confidence of workers, business and consumers in the Single Market. The topic was also the basis for a joint seminar in Oslo on 13 December 2011 with a delegation from the European Economic and Social Committee's Single Market Observatory (SMO).

This was the first time that the EFTA CC and SMO had met and also the SMO's first visit to an EFTA State, offering a unique opportunity for an initial exchange of views between the two groups on the latest developments in the Single Market.

Approaching the point in time where, according to Jacques Delors, the European Single Market should have been completed without barriers for two decades, the EFTA CC and SMO underlined the importance of social partner and civil society organisations now engaging more actively in the development and implementation of the Single Market. The challenge is, more than ever, to take full advantage of the remaining potential for growth and job creation that still exists in the Single Market and that Europe so desperately needs to exit the crisis.

The EFTA CC and SMO agreed that there was a need for strengthened governance of the Single Market, calling for enhanced dialogue with civil society. Renewing people's confidence in their political leaders and the European project is a specific challenge in the midst of serious social and economic upheaval. A people-oriented approach is necessary to change this.

In conclusion, the EFTA CC and the SMO stressed the importance of a coordinated effort by all 30 EEA States to increase citizens' participation in the Single Market. It is essential to look consistently at the Single Market from an EEA angle. This implies that the rights and obligations of EU citizens, workers, consumers and businesses in the Single Market are also shared by stakeholders in the three EEA EFTA States.

The EESC stance

Thinking about the Internal Market today, however, entails thinking again about the entire model of the European venture. There is every cause to wonder whether Europe – as conceived by some, who have striven so hard to build it, as others have attempted gradually to dismantle it over the last 60 years – will still exist in 2050 as a model of freedom and a beacon of culture, championing peace, advocating fraternity between peoples and equality between people, in a world free of discrimination and barriers.

This is all the more true at a time of particular upheaval, as Europe struggles with a stubborn crisis that is systemic rather than cyclical, and is not only economic and financial, but also a crisis of social and cultural values.

The situation is such that Europe can no longer guarantee jobs for its citizens. The only way out of this predicament is through the creation of growth and the main instrument for achieving such growth must be the full accomplishment of the Internal Market.

Civil society quite legitimately has questions regarding the ability of the present EU institutional model as shaped by the Lisbon Treaty to handle this crisis; it **doubts** that the current economic and financial model is capable of effective and appropriate self-regulation and is greatly concerned at the lack of consistent and effective regulatory measures as well as at the proliferation of isolated and contradictory decisions from all sides; it **wonders** how stricter and more effective control over the financial system can be achieved, in view of the successive stock market crashes with all the inevitably ensuing social and economic damage; it **fears** that the deep-rooted symptoms of the crisis, given the imminent danger of world recession, suggest that the European model in its current form may collapse.

The Internal Market: what is it, and what is it for?

The idea of a “common market” was already couched in the original text in terms of a **key instrument** for a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, and accelerating raising of the standard of living and closer relations between the States belonging to it (see graph below). **The Internal Market was designed from the outset not as a stand-alone policy or a simple free trade area like EFTA, but as one part of an overall strategy.**

At the beginning of his second term of office, the current President of the European Commission set out his new vision of a Single Market for the 21st century¹, which came in the wake of an earlier Communication on *A Citizens’ Agenda – Delivering results for Europe*². The impression given by the Commission that it advocated a fundamental shift in its policy approach to the single market for the ultimate benefit of citizens and consumers, naturally raised expectations. No longer considering it as a stand-alone policy, but rather as part of an overall strategy prefiguring the subsequent 2020 Strategy, the Commission declared the main objectives of the Internal Market to be to increase consumer confidence, promote economic integration and social cohesion, and develop a knowledge-based society in a sustainable Europe, within a global world. A key instrument in this new approach was ever-better regulation in a rationalised, simplified legislative environment³.

In order to consolidate this new approach, the Commission asked former Commissioner Mario Monti to draw up a major report that was presented in May 2010⁴. At about the same time, the Council had asked a Reflection Group made up of prominent figures, including Mario Monti and headed by former Spanish Prime Minister Felipe González, to prepare a report on the

¹ Communication on A Single Market for Citizens (COM(2007) 60 final, 21 February 2007).

² COM(2006) 211 final, 10 May 2006.

³ OJ C 77, 31.3.2009, p.15.

⁴ A New Strategy for the Single Market – At the service of Europe’s economy and society.

outlook for Europe up to 2030⁵. For its part, also in May 2010, the European Parliament adopted the Grech Report, the basis for its Resolution of 20 May 2010 on *Delivering a Single Market to consumers and citizens*⁶.

At root, all these important documents draw attention to the need for a radical paradigm shift in defining and implementing policy on completing the Internal Market, deeming the current model to have run out of steam. They point out that while significant results have been achieved in some areas, in general results are poorly known, inadequate and disappointing from several points of view, at a time when Europe is facing unexpected challenges and a menacing outlook.

A new paradigm for completing the Internal Market

It is important to restate that, with regard to Community policies, and in keeping with the fundamental principles now enshrined in the Lisbon Treaty, **completing the Internal Market is not an end in itself, but a means or an instrument** for achieving a whole range of policy objectives across different fields⁷.

It is also important to reiterate that these objectives are **simultaneously economic, social and environmental, with each on an equal footing**, and that the ultimate aim of all of them is people's wellbeing and the promotion of values of human dignity, equality, freedom, solidarity, democracy, the rule of law and respect for human rights (Articles 2 and 3, TEU)⁸.

The Internal Market, which was clearly designed from the outset as the economic mainstay of a Europe of federal hue, must now be looked at again in the light of developments over the last 30 years and present-day reality. It is true that current circumstances are increasingly tending to turn the single market into a mere free trade area, like its EFTA forerunner, envisaging its future not as the natural outcome of a supra-national political project but as the **lowest common denominator of European countries' national interests**.

It is thus necessary to vigorously reaffirm the idea that the Internal Market must **bind these national interests together in a fully integrated institutional system of economic and financial governance, the model for which needs to be redefined and given concrete form within the short term**.

The first step in this direction is to be realistic about the **limits of the Internal Market itself**, and not to seek to make it into what it cannot and should not be, forcibly imposing frequently unnecessary and unjustified measures that serve only to make it harder for businesses, especially SMEs⁹, which also include the professions, to operate. Sometimes full harmonisation measures are not justified because other values, such as quality assurance, should prevail, as in the case of certain areas of consumer rights and consumer protection. In addition to harmonisation, the key maxim and tenet of "strength in diversity" should again take centre stage in European Internal Market policy.

⁵ Project Europe 2030 – Challenges and Opportunities, also published in May 2010. EP Resolution A7-0132/2010.

⁶ Project Europe 2030 – Challenges and Opportunities, also published in May 2010. EP Resolution A7-0132/2010.

⁷ OJ C 93, 27.4.2007, p.25.

⁸ OJ C 182, 4.8.2009, p.1.

⁹ OJ C 376, 22.12.2011, p.51.

Better Lawmaking

It will be crucial to press ahead in a determined and uncompromising manner, making no concessions, with the **Better Lawmaking programme**. The EESC has always been actively involved¹⁰ with this programme, with the aim not only of producing technically sound texts and cutting through pointless and damaging red tape, but more fundamentally of taking a **proactive approach to lawmaking and administrative practices**, and effectively involving civil society and industry stakeholders at all stages in framing and defining legislation. In particular, it feels that greater importance should be attached to **ex-ante impact assessments**, using **regulations instead of directives** more systematically as a tool for achieving legislative uniformity where appropriate, and daring to try out new and better-suited instruments than the current complex legislative mix, such as the choice of **optional regimes** when properly justified¹¹. It is also essential to muster the same courage to forgo Community initiatives completely if they are ineffective or bring little advantage.

It is similarly important to **review, simplify and codify the Community acquis and administrative formalities**¹² and to prune out anything that is useless, unnecessary, counter-productive or even harmful¹³. This must however be done with due care, as lack of coordination could lead to the discarding of key aspects of legislation that are essential to important areas.

The motto should be regulate, but don't suffocate. Innovation and creativity will thus be needed, and a fresh look should be taken at the proposals contained in the first Report of the Group of Independent Experts on legislative and administrative simplification, most of which have not been implemented but remain relevant and require proper implementation¹⁴.

Transposition and implementation of EU law

The effective application of Community law is an area where greater effort is required, and where the EU has regrettably not achieved convincing results. This is the only way of guaranteeing that the law will be respected and that regulation will be effective¹⁵, and it extends beyond the narrow bounds of "administrative cooperation"¹⁶. In this regard, the **right to collective action at European level** is of crucial importance to European citizens, and must be enshrined unambiguously and without further delay as an ultimate means of satisfactorily establishing responsibilities for infringements of Community law, and thereby encouraging voluntary compliance¹⁷.

Standardisation

Standardisation has a major role to play in keeping with the "new approach" model applied not only to products, but also to services¹⁸. In that regard, too, however, careful consideration should be given to the need, effectiveness and impact of the measures taken so as to distinguish between different services for the single market when standardising them.

¹⁰ OJ C 24, 31.1.2006, p.39; OJ C 175, 27.7.2007, p.21; OJ C 48, 15.2.2011, p.107.

¹¹ OJ C 24, 31.1.2006, p.52; OJ C 175, 28.7.2009, p.26; OJ C 21, 21.1.2011, p.26.

¹² Returning to the approach defined by the Commission itself in its Communication on Updating and simplifying the Community acquis (COM(2003) 71 final, 11 February 2003), which was clearly backed by the EESC (OJ C 112, 30.4.2004, p.4) and which since appears to have been forgotten.

¹³ Cf. opinions: OJ C 14, 16.1.2001, p.1; OJ C 125, 27.5.2002, p.105; OJ C 133, 6.6.2003, p.5; OJ C 309, 16.12.2006, p.18; OJ C 10, 15.1.2008, p.8.

¹⁴ COM(95) 288 final, 21 June 1995.

¹⁵ Cf. opinions: OJ C 317, 23.12.2009, p.67; OJ C 18, 19.1.2011, p.95.

¹⁶ OJ C 128, 18.5.2010, p.103.

¹⁷ The EESC has quite justifiably been seen as the champion of collective actions, having devoted a number of opinions to this question, including in particular OJ C 309, 16.12.2006, p.1; OJ C 324, 30.12.2006, p.1; OJ C 162, 25.6.2008, p.1; OJ C 228, 22.9.2009, p.40; OJ C 128, 18.5.2010, p.97.

¹⁸ Cf. opinions: OJ C 120, 16.5.2008, p.1; OJ C 376, 22.12.2011, p.69; and OJ C 68, 6.3.2012, p.35.

Single Market information and communication

It will be necessary to give new impetus and greater breadth to the **Internal Market Information System (IMI)** expanding its scope and enhancing administrative cooperation in line with the suggestions and recommendations made by the EESC on a number of occasions¹⁹, and, by the same token, to overhaul the SOLVIT network, giving it a new framework and appropriate means.

Lastly, resources and efforts must be jointly harnessed in favour of an **effective single market communication policy** within the broader setting of a coherent, integrated communication policy on Europe that involves people and takes proper account of public opinion and European social media in order to disseminate reliable information to European citizens, especially consumers, through the innovative use of the digital media²⁰.

Rethinking priority setting: people first – the European social identity

There is a need to **establish priorities with care**. This does not mean picking – more or less at random – a few flagship measures, but acting in accordance with well-defined criteria that reflect the clear policy approach that Europe still lacks, and that should give **absolute priority to people**.

The **main principles guiding the construction of the internal market** will also have to be rethought, especially the principles of mutual recognition²¹, subsidiarity²², proportionality²³ and the precautionary principle, thus far restricted to specific areas such as food safety, but which should be given the status of a general principle, reshaping them and laying down new ways of defining them that are closer to people's real interests.

Most important of all, however, will be to define the **parameters of an internal market that puts people, as individuals and as citizens, at its core**. This task must not be left to any group of more or less enlightened sages, but be based on the direct contributions of individual citizens and civil society, taking heed of their concerns and claims, as well as their frustrations and disappointments.

Similarly, a debate is needed on how to strengthen and guarantee **people's freedom of movement and mobility** in general.

However, the Committee is also concerned about the recent Council decision to renationalise the Schengen Agreement, allowing the establishment of new obstacles to the free movement of citizens within the Union and reintroducing border controls in places where they had been abolished. This is a flagrant breach of the fundamental principles of the Treaty and creates more difficulties for the completion of the Single Market.²⁴

¹⁹ Cf. OJ C 43, 15.2.2012, p. 14, and the other earlier opinions quoted in it.

²⁰ Cf. EESC exploratory opinion, OJ C 27, 3.2.2009, p. 152; and own-initiative opinion OJ C 44, 11.2.2011, p. 62.

²¹ Returning in particular to the Commission reports on the application of the principle of mutual recognition, which started with the Communication from the Commission of 16 June 1999 (COM(99) 299 final) but were later abandoned. Cf. opinion OJ C 116, 20.4.2001, p. 14.

²² Looking back to the Molitor Report, in order to rebut the unfair accusation levelled against it of "taking one step forward and two steps back" (cf. Alexis Feral, *Le principe de subsidiarité, progrès ou status quo après le Traité d'Amsterdam?*, in *Revue du Marché unique européen*, I, 1998, p. 95), on account of the clumsy way the Commission had applied it, turning it into the real "challenge of change" as conceived by Jacques Delors.

²³ Account should be taken here of the various EESC opinions on the successive annual reports from the Commission, in keeping with Article 9 of the Protocol on the application of the principles of subsidiarity and proportionality.

Subsidiary issues related to the social dimension of the Single Market

An aspect meriting particular attention is the long overdue definition of an **appropriate legal framework for social economy enterprises in general** and European foundations, mutual societies and associations in particular. There is an equally urgent need for a discussion on defining a **clear legal framework for services of general interest and social services in particular** defining quality criteria for essential public services and clarifying the applicable rules governing public procurement, competition and state aid²⁵.

A debate is also needed on how to **link sectoral policies within a common strategic objective encompassing** economic, industrial, trade, transport, energy, environmental, consumer and competition policies **within an overall legal framework that fosters integration and boosts the confidence of the social and societal partners** (consumers, households, workers, businesses, NGOs, etc). This would entail reassessing and boosting the 2020 Strategy.

With a view to promoting social inclusion and employment, a debate is also needed on **effectively opening up labour markets** to all European citizens, abolishing, after careful examination, unjustified discrimination and restrictions.

Services

The services sector in general²⁶ and retail financial services in particular²⁷, should figure prominently among these priorities, as this is where the shortfall in completing the Internal Market is most acute, but is also exactly where innovation is most needed, with regard not only to the measures but also to the instruments to be applied. The European Commission should monitor and report in a regular and open manner the implementation of the Services Directive, which is the only legislation so far providing for opening of cross-border trade in services.

The digital Single Market

An area that warrants particular attention is the practical implementation of an **internal market for crossborder e-commerce**, on account of the socio-economic benefits for European consumers in general, and people living in less accessible areas or affected by some form of disability in particular. It would also benefit EU businesses, especially SMEs, since it would settle a whole host of problems and issues which have long been identified. So far, however, the tools and mechanisms that are vital to securing consumer confidence and guaranteeing their protection, and creating a business-friendly environment, have not been developed²⁸.

This applies in particular to issues of market fragmentation, disparities between applicable rules, uncertainty about privacy and data confidentiality, security of transactions, legal protection in the event of disputes, the existence of illegal online services, piracy and cybercrime. These need to be addressed jointly by the various Commission DGs with a view to establishing a **coherent legal framework for a genuine digital internal market**.

²⁴ See EESC opinion CESE 1547/2012.

²⁵ Cf. EESC opinion, OJ C 161, 13.7.2007, p. 80.

²⁶ Cf. opinions: OJ C 221, 8.9.2005, p.113; OJ C 175, 27.7.2007, p.14; OJ C 318, 29.10.2011, p.109.

²⁷ Cf. opinions: OJ C 56, 24.2.1997, p.76; OJ C 95, 30.3.1998, p.72; OJ C 209, 22.7.1999, p.35; OJ C 157, 28.6.2005, p.1; OJ C 302, 7.12.2004, p.12; OJ C 221, 8.9.2005, p.126; OJ C 65, 17.3.2006, p.113; OJ C 65, 17.3.2006, p.134; OJ C 309, 16.12.2006, p.26; OJ C 318, 23.12.2006, p.51; OJ C 115, 16.5.2006, p.61; OJ C 100, 30.4.2009, p.84; OJ C 27, 3.2.2009, p.18; OJ C 100, 30.4.2009, p.22; OJ C 228, 22.9.2009, p.62; OJ C 228, 22.9.2009, p.66; OJ C 218, 11.9.2009, p.30; OJ C 318, 29.10.2011, p.133.

²⁸ Notwithstanding the Commission Communication of 22 October 2009 on Cross-Border Business to Consumer e-Commerce in the EU (COM(2009) 557 final).

The EFTA stance

The Single Market has been a driving force for economic growth for almost two decades. However, while celebrating the 20th anniversary of the Single Market, obstacles and barriers to the free movement of persons, goods, capital and services persist and hinder citizens and businesses from reaping the full potential of the Single Market. The challenge now is, more than ever, to take full advantage of the remaining potential for growth that Europe so desperately needs in the current economic and financial crisis while finding a way to place citizens, businesses, workers and consumers at the centre of this process.


There is a need for strengthened governance of the Single Market calling for enhanced dialogue with civil society, better information and closer monitoring of legislation. In a time of crisis, it is a major challenge to renew people's confidence in their political leaders and the European project. A people-oriented approach and good dialogue between the citizens and policymakers are necessary for rebuilding confidence and trust between the users and the constructors of the Single Market.

It is important to underline the EEA dimension of the Single Market and to remind all actors involved that the three EEA EFTA States are fully integrated partners in the Single Market, which covers 30 EEA States and not only EU-27.

Make the Single Market work better in practice

Effective implementation of EU legislation by Member States is essential for the good functioning of the Single Market. Incorrect and incomplete transposition and application of EU rules result in barriers for cross-border mobility and can discourage citizens and businesses from making use of their rights. A key focus now needs to be on making the Single Market work better in practice, by removing existing barriers to trade, but also improving what is already there, namely the implementation and enforcement of legislation, cooperation between Member States, information tools and broader involvement of all Single Market users. A better functioning of the Single Market also relies on the importance of networks to improve cooperation between Member States' administrations, e.g. electronic information exchange system (IMI), and networks and services established by the EU to assist people and businesses to exercise their rights in the Single Market, such as SOLVIT, Your Europe Advice, the European Consumer Centres, the European Employment Service and the Enterprise Europe Network.

All 30 EEA States should provide the necessary resources for these tools to effectively assist citizens and businesses with their problems, and also proactively promote their services to these groups.



More effort is needed to provide citizens with better and more accessible information on their rights in the Single Market and to bridge the gap between what is foreseen as their rights in the EU legal framework and what they actually experience on the ground every day. The potential of communication campaigns and the media, including the social media, should be further explored.

Enhancing the social dimension of the Single Market is important for citizen's support to the Single Market, keeping in mind that the Treaty on European Union states that economic freedoms have to be in balance with the respect of fundamental rights. The dialogue between social partners, both at national and European level, is crucial in the process of bringing the Single Market closer to citizens' needs and expectations. Civil society and social partner organisations –have become important partners for the authorities since they represent a wide set of different users in the Single Market. Social partners should continue to be consulted by the relevant authorities at national and European level to allow them to express their views and influence the direction of new initiatives.



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