



EUROPEAN FREE TRADE ASSOCIATION
CONSULTATIVE COMMITTEE

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Opinion on

The Citizen's Approach to the Single Market

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SUMMARY AND RECOMMENDATIONS

1. We are approaching the 20th anniversary of the Single Market, at a time when Europe is facing a major economic and financial crisis. The Single Market has been a driving force for economic growth and job creation for almost two decades, but 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 to exit the crisis.
2. 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.
3. The EFTA Consultative Committee welcomes the focus and debate on the Single Market through the lens of citizens and businesses and specifically the Commission's initiative to periodically publish a report on citizens' and businesses' main concerns with regard to the Single Market. The Committee asks the relevant authorities to discuss and look into how the EEA EFTA States can be included in Eurobarometer surveys and similar surveys and studies, and, more generally, to strengthen the citizens' approach in the EEA. The focus of the Single Market should consistently be on EEA30 rather than EU27.
4. The EFTA Consultative Committee supports the establishment of the Single Market Forum which gathers civil society, businesses, social partners and public authorities at all levels of government for constructive debate, and underlines the importance for relevant representatives of the EEA EFTA States, including social partners, to take an active part in future Forums. The Committee expresses its support for the conclusions in the Krakow Declaration which are in line with the views of the Committee, as also expressed in its earlier opinions.
5. The EFTA Consultative Committee underlines that discussions and reviews on the functioning of the EEA Agreement should not only focus on EFTA/EU cooperation at governmental and administrative level, but also look at the output for the EEA EFTA users of the Single Market, primarily businesses, workers and consumers.
6. The EFTA Consultative Committee reiterates that 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, out-of-court problem-solving mechanisms, and broader involvement of all Single Market users.
7. The EFTA Consultative Committee supports the initiatives announced by the Commission in the EFTA Consultative Committee's meeting on 15 November 2011, to organise a Single Market Week in November 2012 including events in each Member State, and to undertake a

“health check” of the Single Market in 2012. The EFTA Consultative Committee calls on the EEA EFTA States to ensure EEA EFTA participation in these initiatives.

8. Referring to previous opinions of the EFTA and EEA Consultative Committees concerning the Single Market, and in line with the conclusion of the Krakow Declaration, the EFTA Consultative Committee would furthermore like to highlight some specific priorities that EEA policymakers should focus on to re-launch the Single Market and to renew confidence among citizens and businesses:

- Improving cross-border services while reconciling economic freedoms and workers’ rights. Facilitating the temporary provision of services by companies in another Member State should go hand in hand with guaranteeing the protection of workers posted to another Member State.
- Modernising EU rules on professional qualifications and introducing a European Professional Card for speeding up recognition procedures and facilitating mobility.
- Increasing confidence in e-commerce in a Digital Single Market by establishing easy access to out-of-court settlement procedures and online services for cross-border disputes.

Introduction

1. Europe is today facing a major economic and financial crisis which could have severe consequences for the economic and social models underpinning the Single Market and the European Economic Area (EEA). The future perspectives for the European economy and euro cooperation are deeply worrying, and the danger of a recession is threatening not only Europe, but the whole world economy. In such a context, where catastrophic scenarios are outlined in the media and tumultuous changes felt in people's daily lives, citizens' main concerns and worries will inevitably concentrate on the risks and dangers for their jobs, personal debts and savings, the well-being of their family, and their children's future.

2. Against this backdrop, with public finances under immense pressure, the major challenge is now to create new growth and jobs, but also renew people's confidence in the European project. To do so when European economies are under threat requires not only new structures and policies, but a new level of political leadership. The EFTA Consultative Committee (EFTA CC) reiterates the importance of the Single Market in this context and the need to reinvigorate this core project of European integration at all levels throughout the EEA.

3. The Single Market has been a driving force for economic growth for almost two decades. However, approaching 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 wake of the current economic and financial crisis while finding a way to place citizens, businesses, workers and consumers at the centre of this process. This paper focuses especially on the latter. It builds on previous EFTA CC and EEA Consultative Committee (EEA CC) opinions that have commented on the Single Market more broadly, especially the EEA CC Resolution on the Single Market Act from May this year¹.

4. What does the Single Market mean to Europe's citizens and businesses, and does it live up to their expectations? What are the main benefits people see in their day-to-day lives, and what are the main shortcomings? When there is a gap, is this driven by a lack of information about what Single Market has achieved so far or rather by a discrepancy between what people expect the Single Market to do, and what they see in reality? And if so, what can be done to address this situation?

Promoting citizens' awareness and confidence in the Single Market

5. If you ask a person if the Single Market has been beneficial for him or her, the person will most likely have difficulties answering that question. He or she will often know little about the Single Market, how it works, and what his or her opportunities and rights are within the EEA. A good dialogue between the users and the constructors of the Single Market, seems lacking. A shift in approach is thus needed.

¹ EEA CC Resolution and Report on the Single Market Act, May 2011
EFTA CC Opinion on a Single Market for the 21st Century, June 2008
EFTA CC Opinion on a New Strategy for the Internal Market, April 2006

6. A people-oriented approach should be used in the process of redefining policy objectives and evaluating the principles and instruments for implementing Single Market policy. Without it, the successful re-launch of the Single Market in times of crisis will be difficult. The EFTA Consultative Committee wants to see a coordinated effort made by the EEA States to increase citizens' participation in the development and implementation of Single Market policy.

7. Enhancing the social dimension of the Single Market could encourage support for the Single Market. Constructive dialogue with civil society in the preparation of texts and proposals is essential in order to create awareness of and trust in the Single Market. Social dialogue and the active involvement of social partners are of major importance in this regard.

8. In October 2010, the Commission issued a proposal for a Single Market Act², together with the first EU Citizenship Report³. Both highlighted the gap between the EU legal framework and people's everyday experiences with the Single Market. To promote a culture of dialogue and learning from experiences on the ground, the Commission has undertaken to periodically publish a list of citizens' and businesses' main concerns with the Single Market.

9. In the final Single Market Act adopted in April 2011⁴ the EU settled on twelve key areas to re-launch the Single Market with a specific focus on making life easier for citizens, businesses, workers and consumers. This included actions on workers' mobility, SME financing, consumer protection, digital content, taxation and trans-European networks.

10. Furthermore, in September 2011 the European Commission presented the results of its latest Eurobarometer survey in a report listing the 20 main concerns faced by citizens and businesses in the Single Market⁵. This report represents a snapshot of difficulties encountered by people when attempting to exercise their rights within the Single Market.

11. The EFTA Consultative Committee welcomes the focus and debate on the Single Market through the lens of citizens and businesses and specifically the Commission's initiative to periodically publish a report on citizens' and businesses' main concerns with the Single Market. However, it regrets that the EEA EFTA States are not included in Eurobarometer surveys, and consequently not mentioned in the Commission's periodical report. Members ask the relevant authorities to discuss and look into how the EEA EFTA States can be included in Eurobarometer surveys and similar surveys and studies, and, more generally, to strengthen the citizens' approach in the EEA.

12. Citizens' main concerns were also at the heart of discussions at the first Single Market Forum, in Krakow at the beginning of October 2011, which gathered civil society, businesses, social partners and public authorities at all levels of government. The Single Market Forum forms part of the Single Market Act and will be organised periodically to examine the state of the Single Market, the transposition and application of directives, and exchange best practice. The Forum will contribute to policy evaluations and play its part in monitoring the implementation of the Single Market Act and its impact at grassroots level. The EFTA Consultative Committee supports this new initiative to gather the users and constructors of the

² COM(2010) 608

³ COM (2010) 603

⁴ COM(2011) 206

⁵ European Commission Report on citizens' and businesses' 20 main concerns (SEC(2011)1003 final)

Single Market for constructive debate. The Committee underlines the importance for relevant representatives from the EEA EFTA States to take an active part in future Forums.

13. The first Single Market Forum adopted the so-called “Krakow Declaration”, building on the results of discussions and conclusions from the different workshops organised during the two-day event which gathered around a thousand participants. Through the present opinion, the EFTA Consultative Committee expresses its support for the Krakow Declaration and more particularly the operational conclusions of the Declaration which are in line with the views of the Committee, as also expressed in its earlier opinions.

14. The European Economic and Social Committee (EESC), through its Single Market Observatory (SMO), is preparing an opinion on developing a people-oriented, grassroots approach to Internal Market policy, in parallel with the present EFTA CC Opinion. To build on the close cooperation between the EFTA Consultative Committee and the EESC, the two sides will meet in December 2011 to discuss the citizens’ approach to the Single Market and adopt joint conclusions on the issue.

Bridging the gap between the citizens and the Single Market

15. The EEA Agreement opened up new opportunities for citizens and economic operators of the EEA EFTA States who could now move freely within an enlarged economic area for the purpose of study, work or business. However, the Single Market is not yet fully living up to its promise. While many barriers have been removed over the years, some obstacles still remain, or new barriers emerge, especially in the provision of services, for instance as regards e-commerce and cross-border shopping.

16. The problems encountered by citizens and businesses when trying to exercising their cross-border rights are many and diverse⁶, as illustrated by the following examples which served as a basis for discussions at the Single Market Forum:

- It is nearly impossible to open a bank account (except for specialist and offshore accounts) in a Member State other than that in which you are a resident;
- It is nearly impossible to take out a long-term investment (e.g. a pension or life insurance policy) in a Member State other than that in which you are a resident (i.e. your home country);
- Credit information services remain totally country-specific and a credit history in one EU country is completely useless in another (necessary for basic services such as renting an apartment or getting a mobile phone contract);
- Complicated national bureaucracy and tax systems for self-employed persons make it difficult to offer online services cross border (paying taxes and social security);
- There are non-harmonised family laws and rules on child support;
- There are problems with recognition of academic and professional qualifications (including lengthy bureaucratic procedures);
- Cross-border e-invoicing is impossible.

17. The list of problems encountered might contrast with a recent Eurobarometer report which showed that European citizens are, in general, satisfied with the possibilities that the Single Market offers in terms of bigger choice of products (74%), more jobs (52%) and fair

⁶ <http://www.tellusyourstory.eu>

competition (47%)⁷. However, the findings also showed that many Europeans are not aware of the Single Market and its benefits (35%). The Eurobarometer does not cover the EEA EFTA States. One would expect that people from these countries to a large extent encounter similar problems and obstacles to their EU counterparts. However, it might be that EEA EFTA citizens also encounter an additional barrier due to the low level of knowledge in the EU of the EEA Agreement offering them the same rights as EU citizens. It remains a priority thus to promote the Single Market as a market for 30 rather than 27 States and not to forget the rights and obligations of the EEA EFTA citizens, consumers, workers and businesses in this market.

18. A recent European Commission social issues survey has shown that the public's belief that the EU is having a positive impact on employment and social policy has sharply declined in almost all countries, and this is a marked shift in support since prior to the crisis. Across a series of eight questions dealing with such issues as boosting employment, fighting poverty and protecting social services, between 48 and 67 percent of respondents thought that the EU was having a positive impact. This is down from between 62 and 78 percent for the same questions in the last survey in 2009.

19. Studies and surveys into the EEA EFTA citizens' perceptions and experiences as users of the Single Market are almost non-existent, or give only a fragmented view of the situation. It is therefore difficult to give an overall picture of the main concerns of the EEA EFTA citizens in the Single Market. Reviews and reports about the EEA EFTA States' participation in the Single Market have been carried out over the years, but they have mainly focused on reviewing the functioning of the EEA Agreement and the Single Market at governmental and administrative level. While the EFTA Consultative Committee underlines that it is important that discussions and reviews focus on the functioning of the EEA Agreement and the cooperation at governmental and administrative level between the EEA EFTA States and the EU, more should also be done to increase surveys and studies on the output for the EEA EFTA users of the Single Market.

Reducing the information and implementation gaps

20. 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.

21. 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 the EFTA Consultative Committee welcomes the extension of these to new policy areas (e.g. posting of workers, professional qualifications, digital agenda).

22. The EEA EFTA States are represented in 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

⁷ http://ec.europa.eu/public_opinion/archives/ebs/ebs_363_en.pdf

and the Enterprise Europe Network. The EFTA Consultative Committee supports the proposed action in the Krakow Declaration to further develop and promote the Your Europe portal⁸ so that people would be able to find all practical information in a structured way.

23. 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. The EFTA Consultative Committee reiterates - as pointed out in previous opinions - that 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.

24. The EFTA Consultative Committee supports the initiatives announced by the Commission in the EFTA CC meeting on 15 November 2011 to organise a Single Market Week in November 2012 including events in each Member State, and to undertake a “health check” of the Single Market in 2012. The EFTA CC calls on the EEA EFTA States to ensure EEA EFTA participation in these initiatives. Organising events during the Single Market Week in all three EEA EFTA States offers a unique opportunity to promote the Single Market towards our own stakeholders; at the same time it presents an important reminder that the Single Market goes beyond EU27 and includes all 30 EEA States.

25. The EFTA Consultative Committee underlines the importance of out-of-court problem-solving mechanisms such as SOLVIT, and urges all 30 EEA States to provide the necessary resources for the SOLVIT centres to effectively assist citizens and businesses with their problems, and also to proactively promote their services to these groups. To better assess the success of the national SOLVIT centres in the EEA EFTA States, the Committee reiterates its request that the EEA EFTA authorities provide the Committee with an overview of the activities of each of the national EEA EFTA SOLVIT centres.

Social dialogue

26. The dialogue between social partners at European level is crucial in the process of bringing the Single Market closer to citizens’ needs and expectations. Employers, represented by BUSINESSEUROPE, UEAPME and CEEP, and employees, represented by ETUC, have contributed significantly to defining European social standards through a large number of joint texts and actions. Social dialogue is a fundamental element of the European social model.

27. The EFTA Consultative Committee stresses the specific role of social partners in the economy and asks the relevant authorities to recognise this when further developing the Single Market. The EEA CC welcomes the fact that the Lisbon Treaty has brought new developments in the field of social dialogue and involvement of social partners. This should be a guiding star for the European institutions when implementing the Single Market Act.

⁸ <http://ec.europa.eu/youreurope/>

28. 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 at European level should continue to be consulted by the European Commission at an early stage to allow them to influence the direction of new initiatives and express their initial views on possible new negotiations. For the EEA EFTA social partners and EFTA CC members this is of relevance since they are active participants in the EU Social Dialogue through their European umbrella organisations. This involvement gives them unique access to policy shaping in the EEA that sometimes even their own governments are excluded from.

Some specific priorities

29. Referring to previous opinions of the EFTA and EEA Consultative Committees concerning the Single Market, and in line with the conclusion of the Krakow Declaration, the EFTA Consultative Committee would like to highlight some specific priorities that EEA policy-makers should focus on to renew confidence in the Single Market among citizens and businesses.

Improving cross-border services while reconciling economic freedoms and workers' rights

30. Cross-border provision of services and mobility of posted workers are essential elements of the Single Market raising controversial issues linked to the balance between economic freedoms and fundamental social rights. Facilitating the temporary provision of services by companies in another Member State should go hand in hand with guaranteeing an adequate and appropriate level of protection for the workers posted to another Member State. The posting of workers should be about using the opportunities offered by the Single Market effectively, creating a climate of fair competition, improving the working conditions of posted workers across the EU, providing access to information on terms of condition of employment, and fighting effectively against the disrespect of posted workers' rights. The rules should be transparent and clear, and the implementation, application and enforcement in practice of the Posting of Workers Directive should equally be improved. Striking the right balance between economic freedoms and social rights is a controversial issue, but combined efforts should create benefits for both, including decent working conditions and new growth opportunities for companies, thereby creating renewed confidence in the Single Market among citizens and business.

31. Making it easier for companies to do business and provide services within the EEA should boost Europe's growth and create additional jobs. The "Points of Single Contact" (PSCs) should facilitate life for entrepreneurs and help them complete administrative formalities online, be it in their own country or in other EEA Member States. The EFTA Consultative Committee calls on the national administrations to improve the availability, quality and user-friendliness of their PSCs, but also of other existing advice and information services like SOLVIT (see also point 25).

Modernising the EU rules on professional qualifications

32. As a means to facilitate the free movement of citizens, the EU will modernise and simplify existing EU rules on the recognition of professional qualifications. The European

Commission is considering the introduction of a European Professional Card for speeding up recognition procedures and facilitating mobility. The EFTA Consultative Committee supports such a card which would promote the cross-border mobility of professionals and also benefit economic operators seeking skilled workers.

Increasing confidence in e-commerce in a Digital Single Market

33. Even if online cross-border shopping within the Internal Market continues to increase, the growth is not as high as could be expected. The total share of consumers shopping online has increased from 37% in 2009 to 40% in 2010, however, only 9% of this share is crossing the borders⁹. A large number of consumers face delivery problems and pricing differences, cannot use the means of payment they wish to, and when problems occur, do not find it easy to obtain redress.

34. Effective enforcement of consumer rights and easy access to redress is vital for consumer confidence. The focus should be on ensuring that European consumers buying goods and services, both online, cross border and domestically, have access to Alternative Dispute Resolution (ADR) which establishes simple, fast and affordable out-of-court settlement procedures for consumers and protects relations between businesses and their customers. Simple and efficient Online Dispute Resolution (ODR) is crucial for improving confidence in the online Single Market. The EFTA Consultative Committee calls on the EEA EFTA authorities to ensure efficient EEA EFTA follow-up to the proposed ADR Directive to ensure quality out-of-court procedures for disputes between consumers and businesses, and the proposed “ODR platform”, an EU-wide online platform providing consumers and businesses with a single point of entry for resolving online cross-border disputes¹⁰. It is important to ensure EEA EFTA participation in these initiatives.

⁹ http://ec.europa.eu/consumers/ecc/docs/mystery_shopping_report_en.pdf

¹⁰ http://ec.europa.eu/consumers/redress_cons/adr_policy_work_en.htm