

EEA CONSULTATIVE COMMITTEE

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Brussels

RESOLUTION

on

THE SINGLE MARKET ACTION PLAN

and the Scoreboards from the Commission and the EFTA Surveillance Authority (ESA)

Rapporteurs:

**Vasco Cal - ESC (Portugal/General Federation of Portuguese Workers Intersindical)
(CGTP -IN)**

**Grete Gautvik - EFTA (Norway/Confederation of Norwegian Business and Industry)
(NHO)**

At its meeting in Reykjavik, 3 June 1998, the Consultative Committee of the European Economic Area (EEA CC) decided, in accordance with Article 2.2 of the Rules of Procedure for the EEA Consultative Committee to draw up a Joint Report and Resolution on

The Single Market Action Plan and the Scoreboards from the Commission and the EFTA Surveillance Authority (ESA).

The rapporteurs were **Mr Vasco Cal** from the Economic and Social Committee and **Ms Grete Gautvik** from the EFTA Consultative Committee.

1. Introduction

1.1 The Single Market Action Plan (SMAP) adopted by the Amsterdam European Council in June 1997, to round off the completion of the single market by the end of 1998, has been an important tool to give a new impetus to enhance the functioning of the single market, as required for the introduction of the euro and the enlargement of the Union.

1.2 The connection between the single market and the EEA is obvious. It was the drive to complete the single market in the mid-eighties, which prompted the concept of a European Economic Space and the ensuing Agreement. The legal basis is the same. The basic principles of primary law guiding the single market are part of the Agreement, alongside with the relevant case law. As to the secondary law aspect, by 15 October 1998, out of the 1,365 single market directives then in force, 1,225 were incorporated in the EEA. Thus, the EEA Agreement extends the single market to the three EFTA/EEA States (Norway, Iceland and Liechtenstein) as stated in **Mario Monti's** book "The Single Market and Tomorrow's Europe".

1.3 The dynamic nature of the EEA Agreement, and the development of the single market, make it necessary to pay close attention to ensuring a parallel development of the Agreement.

1.4 All possible avenues must be used to increase the visibility of the EEA Agreement and the EFTA/EEA countries as members of the single market. The EFTA/EEA countries on their side need to demonstrate their will to fulfil their obligations accordingly, and take steps to follow-up the activities listed in the Commission's Single Market Action Plan in line with the EU Member States. Consequently, it is quite natural and indeed necessary to include the EFTA/EEA countries when implementation of the single market is monitored and reported.

2. The Scoreboards

2.1 The third issue of the Commission's Single Market Scoreboard was published in November 1998 and constitutes the third progress report on The Single Market Action Plan adopted in June 1997.

2.2 After the first publication of the Commission's Scoreboard in November 1997 the EU Internal Market Ministers expressed their interest in having a comparable record of the EFTA States. The EEA Consultative Committee recalls that a similar request was presented by the ESC in its Opinion on the *Action Plan for the Single Market* and in its Opinion on *Preventing new barriers to trade from arising in the single market*¹.

2.3 The EFTA Surveillance Authority responded positively and as a result, the first issue of "Single Market Scoreboard – EFTA States No 1-2" was published in May 1998 at the same time with the Commission's 2nd Scoreboard, and the EFTA Scoreboard No 3 was published concurrently with the Commission's third edition.

2.4 The EFTA Scoreboards have a more limited scope than that of the Commission. Thus the EFTA Scoreboards only deals with the effectiveness of the single market rules in the three EFTA EEA Member States and with the ESA's infringement proceedings against these States with respect to failures to comply with the relevant single market rules applicable to them.

3. Comments on the third edition of the Scoreboards

3.1 The third issue of the Scoreboards, both the Commission's and the ESA's, reveal that the positive trend concerning the EEA Member States' implementation of single market directives is continuing. However, it was quite obvious that one of the major targets set by the Action Plan of having all the agreed single market legislation transposed into national law by the end of 1998 could not be reached.

3.2 Concerning the infringement procedure, the third issue of the Scoreboards present only statistics on the number of infringement procedures initiated, leaving out the time it takes to close the cases, as was presented in the previous Scoreboards. The EEA Consultative Committee regrets this fact, and the Committee underlines the need to speed up

¹ OJ C 157 of 25.5.98

the judicial process. The single market depends on confidence, including confidence in rapid and effective infringement procedures.

3.3 One of the most striking statements in the 3rd Scoreboard was that the Business Survey showed that two-thirds of companies had not taken action to overcome barriers faced when doing business in the single market. This situation is not surprising but it is very useful that it has been quantified. However, it cannot be satisfactory that such issues are not being addressed and that, in consequence, full single market benefits are not being realized.

3.4 Furthermore, reports on the operation of the Coordination Centres and Contact Points are given for only five Member States and, on the evidence available, minimal use is being made of these facilities so far. The EEA Consultative Committee is disappointed that Contact Points do not yet appear to have been utilized at all by citizens facing cross-border labour-market difficulties. Clearly, there remains much to be done to promote and expand the use of the framework now in place if it is to be an effective conduit for individual citizens and businesses.

3.5 The examples of problems identified, both by the five Member States and the ones revealed in the business survey, are exactly the same identified in various surveys launched by several Member States in the EU and EFTA alike 3-4 years ago. It also corresponds with the results of the survey carried out by the ESC's Single Market Observatory (SMO), referred to in the business survey. A majority of respondents to the questionnaire associated with the SMO survey were not satisfied with the way the single market was operating and it was felt that the benefits derived from it were not sufficiently clear to citizens and consumers.

3.6 Lack of mutual recognition, overly restrictive national technical regulations, lack of standards in certain sectors, discrimination against non-national enterprises, practical difficulties concerning labour mobility, right of residence, recognition of diplomas, social security etc. are all problems preventing the full benefit of the single market. In fact, those areas are at the very core of the concept of the single market. Unless rapid and effective solutions are found to solve these problems, confidence in the single market will not be achieved.

3.7 One of the main objectives of the SMAP is to simplify and improve national and Community rules. Over-regulation is the enemy of job creation. Complex rules, most of them national, impose unnecessary burdens and costs on business, in particular SMEs. The concrete results of the SLIM programme are somewhat meagre and have only resulted in the

adoption of two regulations and one directive. It is essential to reflect upon how to accelerate decision-making in this field.

3.8 The EEA Consultative Committee feels that the least persuasive section of the report is Part D in which statistics relating to Foreign Direct Investment and State Aids are provided under the heading of Single Market Economic Integration. Whilst it might be implied by the title that there has been movement towards economic integration, the text of the report does not directly link the information given under the two sub-headings with any such movement nor does it provide other pointers which would indicate that economic integration is taking place. The Committee would have preferred to see indicators which show more specifically the economic benefits and social developments attributable to the single market.

4. **Future aspects**

4.1 From 1999 onwards the single market will find itself in a new situation, characterized by the following changes:

- the introduction of the euro in January represents a major turning point for the single market and for economic players: the euro will give a new impetus to the single market, while also revealing its shortcomings and weaknesses;
- enlargement of the EU eastwards;
- there will no longer be a target date for completing the single market after the deadlines of 1992/1993 and 1998/1999, new deadlines will only apply to individual cases, for specific directives and measures and not for a new overall programme. The single market will be considered as having reached maturity, subject to more specially targeted measures and to an "overall servicing" of a single market in good working order.

4.2 Whilst the Committee concurs with the Commission's view that the introduction of the euro has brought a new dimension to the single market, it is by no means the final piece of the jigsaw. Rather, it will serve to expose uncompleted areas by making differing prices and costs more transparent. After a period when energies and vision have been focused on launching the euro and reaching the next phase of EMU, there should now be scope to redirect resources and efforts at the single market.

4.3 From now on, the pressure to complete the single market will come much more directly from users than from politicians, because the thrust from the euro, which will act

directly on the economic players, should take over from the pressure of deadlines, which acted above all on the political players.

4.4 The ESC, through its Single Market Observatory is an important tool in this respect. As a middleman between single market users and EU-decision makers, the SMO, through its surveys and “on the ground” hearings will be able to expose short-comings and problems felt by the citizens and businesses when exercising their rights in the single market.

5. Resolutions

The EEA Consultative Committee

5.1 welcomes the inclusion of the table concerning the EFTA/EEA States’ implementation rate in the Commission’s third Scoreboard. However, to increase the visibility of the EEA Agreement, the future EFTA Scoreboard should be included in, or attached to, the Commission’s Scoreboard entirely;

5.2 calls upon the EFTA Surveillance Authority to broaden the scope of the future EFTA Scoreboard, and include the very elements of the Commission’s Scoreboard, relevant to the EEA Agreement, in order to ensure the confidence of equal treatment and competition throughout the European Economic Area as a whole;

5.3 urges the Commission and the ESA alike to continue to put pressure on the Member States to eliminate the backlog of transposition of the single market legislation into national laws and regulations;

5.4 welcomes the Commission’s intention to focus more on quality data on enforcement issues. The single market will not operate effectively unless the rules are fully respected by all parties concerned. Problems also need to be sorted out more quickly in today’s single market to avoid undermining the confidence of businesses and consumers;

5.5 recommends that future Scoreboards should contain information on how problem-solving structures function in all the 18 EEA Member States. The "Best Practice" principle should be used to give examples of Member States where progress is being made and by what means;

5.6 asks the Commission and the ESA to take the lead in the coordination of national practices of enforcement. A continuous dialogue is needed, and cooperation between enforcement authorities in the EEA Member States should be increased and made more

efficient. The single market not only requires a set of common rules, but also needs a common approach to enforcement;

5.7 stresses the need to assess the implication and effects of the internal market measures on employment and on the regions and sectors which are most affected by these measures;

5.8 proposes that information campaigns be launched in all the EEA countries to make sure that the contact points and co-ordination centres are known to businesses and citizens. The campaigns must aim at a broad target audience, and include information about how the enforcement structures and procedures are working, by giving practical examples of problems and how they have been solved. The EEA Consultative Committee and its members would welcome an invitation to take part in the planning and launching of such a campaign. In this respect, the EEA Consultative Committee underlines in particular the important role that the ESC's Single Market Observatory plays as a middleman between the single market users and EU decision-makers. Better use of the Internet could also facilitate better understanding and the Internet-site of the SMO may help in this regard;

5.9 draws attention to the fact that a rising number of national technical regulations create new barriers to trade. It can be expected that increased transparency and competition occurring **as a consequence of** the introduction of the euro, will tempt Member States to introduce new barriers. The future Scoreboards should therefore include tests for "real lifting of barriers";

5.10 calls upon the Commission, the ESA and the EEA Member States to see that priority is given to a rapid and effective implementation of the proposals in the Action Plan presented in the Commission's Communication "Promoting entrepreneurship and competitiveness", the Commission's response to the report from the BEST Task Force. Increased attention should be given to all means that can lead to simplification and reduction of the regulatory framework, both at community and national level;

5.11 welcomes the fact that the scoreboard will continue to be presented regularly by the Commission every six months, backed up by surveys among firms and economic indicators (as the ESC's SMO insisted);

5.12 underlines that new initiatives that will be presented by the Commission towards February 1999 should be based on a small number of targeted priorities (taxes, financial services, citizens' rights, product safety, electronic commerce, the environment);

5.13 welcomes the Commission's first report on the functioning of goods and capital markets in the single market, dubbed Cardiff I, as it fits in with the sequel to the economic reform process embarked upon at the EU Summit in Cardiff in June 1998. The EEA Consultative Committee looks forward to see the implementation of the number of recommendations included in the report in order to improve the situation, in particular concerning financial services, public procurement, mutual recognition of national standards and electronic commerce;

5.14 finally underlines the need for cooperation between all actors concerned to reach a true single market in the EEA. The Committee hopes that the Commission, the ESA and the authorities in the EEA Member States give the social partners a role in this process and make use of the wealth of experience that they possess.
