BUSINESSEUROPE

SPEECH

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EESC EMPLOYERS' GROUP EXTRAORDINARY MEETING ON "THE CHALLENGES AND OPPORTUNITIES OF THE INTERNAL MARKET FOR BUSINESS IN EUROPE"

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First panel: The completion of the EU Internal Market: a pending process?

Ladies and Gentlemen,

Good Morning – It is a great pleasure for me to take part in this extraordinary meeting organised by the Employers' Group to speak about the **Internal Market**; one of the cornerstones of the European integration project.

Let me recall quickly **why** the Internal Market is so important for all in Europe. Since the 90s it has created numerous advantages and opportunities:

For consumers: better information, wider choice and lower prices of products as well as stringent health and safety protection.

For citizens: freedom to live, study, work and retire in any EU country as well as more opportunities to know better diverse cultural values and exchange experiences.

For the economy: creating a more competitive, dynamic and transparent environment resulting in more growth and higher employment. 2.75 million extra jobs have been created and EU GDP has risen an extra 2.2% thanks to the Internal Market.

And last but not least, the Internal Market has helped companies grow and have access to a market which now comprises almost 500 million people in 30 countries (EU-27 plus Iceland, Liechtenstein and Norway,). It has boosted European companies' competitiveness and reinforced their position in the global market. For example, the opening of EU telecommunication markets has contributed to productivity in this sector, which has increased by 60% more than in the US since the beginning of the 90s.

But **the Internal Market is far from being a "done deal"**. It is an ongoing project that needs continuing adjustments to keep up with the fast-moving environment in which it exists.

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The Internal Market needs **to be invigorated** and improved so it responds smoothly to those challenges and take up the new opportunities. The current economic recovery offers a golden opportunity to push the process further and faster.

Action should concentrate on:

<u>Further integration in certain sectors</u>: removal of barriers and a well-functioning Internal Market is still pending in the fields of energy, services, goods, transport, financial markets, intellectual property rights or public procurement.

<u>Better regulation:</u> new proposals should be better prepared, interested parties properly consulted and more emphasis should be given to reduction of administrative burden and realisation of an "Internal Market Compatibility Test".

<u>External dimension of the internal market and international competitiveness</u>: Focus should be on pro-competitive internal EU regulations subject to a generalised impact assessment and benchmarking with major trading partners. European standards should be promoted as the basis for International standards through international organisations and bilateral agreements.

The EU remains the world's largest exporter, well ahead of the US and Japan. Our share of world exports is around 19% and worth 950 billion euros. This is much higher than the 14% the US holds or Japan's 9%. The EU is first in 10 of the 20 largest exporting sectors (e.g. pharmaceuticals, electrical circuits, chemicals, furniture, paper, specialised equipment, etc)

<u>Information and awareness</u>: Internal Market achievements and opportunities pass largely unnoticed and are taken for granted. The Internal Market should be a central element in the communication of Europe in order to bridge the gap between the EU and its citizens.

From the point of view of completion of the Internal Market, I would like to focus today on <u>enforcement</u>, that is to say, focus on the way principles and regulations are applied in practice and how compliance is supervised and sanctioned in case of non-conformity as a very necessary and important aspect in implementing the Internal Market.

It is not sufficiently acknowledged but it is at this very level that citizens and enterprises really get to "taste" and experience the Internal Market and on which to a great extent they base their vision of Europe.

We tend to focus on better legislation, ensuring correct and timely transposition and using EU infringement procedures for lack of conformity.

But enforcement takes shape mostly at national level through:

- **Administrative implementation** (i.e. market surveillance authority, points of single contact, etc.)
- **Compliance of operators and public authorities with EU legislation**
- **Availability of remedies/redress** (sanctions and appeal procedures)

Anecdotal evidence points to much inconsistency between Member States when carrying out their enforcement responsibilities in terms of transparency, commitment, diligence, qualitative and quantitative resources, etc.

It gives rise to serious concerns to observe that 9 countries – Italy, Spain, France, Greece, Germany, Portugal, Belgium, United Kingdom and Austria - representing around 80% of the EU economy are the worst performers in terms of transposition delays above 8 months and an average of more than 60 infringement cases.

These problems represent direct costs for Europe. For instance, the costs of redundant product conformity assessment in several countries are estimated to range from 2% to 15% of enterprises' entire annual turnover.

This results in unsatisfactory enforcement which hampers the correct functioning of the Internal Market. They also deprive citizens and businesses of their rights and undermine their confidence in and perception of Europe.

BUSINESSEUROPE strongly believes that **enforcement** needs to be improved and must be a **priority** of future EU Internal Market Policy. This should be a shared responsibility between the EU Commission and Member States but it is at national level where most problems arise so a special effort and more resources will be needed from national administrations.

As you can see in the **BUSINESSEUROPE publication on enforcement** that you have in your files, according to a Commission's report - page 7 – 53% of the companies consulted are not aware of the mutual recognition principle, one of the main Internal Market principles for the free movement of goods. And 51% do not rely on it when selling goods in another country.

In this brochure, that we published on the occasion of a seminar organised last 20 June, the following recommendations for improved enforcement are made:

1. Ensuring timely and correct transposition and administrative implementation of Community legislation via systematic use of transposition assistance plans and correlation tables.

2. Effective and homogenous market surveillance, efficient external border control and correct application of the mutual recognition principle.

3. Providing more information, facts and figures on national dimension of the Internal Market focusing on compliance with and enforcement of Internal Market legislation.

4. Creating a greater partnership and cooperation between the Commission and Member States. Also clarification of roles and the division of their competences and responsibilities for enforcement in the Internal Market should be carried out.

5. Improving cooperation and mutual assistance among national authorities at all levels: national, regional and local.

6. Ensuring easier access to both EU and national means for asserting Internal Market rights including promotion and reinforcement of Solvit (only 30% of the cases are brought by companies) and speedier and more efficient infringement procedures.

7. Better positioning of the Internal Market in the global context through promotion of EU standards and greater international cooperation.

We hope that these considerations will be at the centre of the forthcoming's EU Single Market Review.

We count on the members of the European Economic and Social Committee to continue contributing to this important debate.

The Internal Market exists for both European citizens and companies. However for them to make full use of it and experience its full benefits, respect and enforcement of the Internal Market principles and legislation is indispensable.

I THANK YOU FOR YOUR ATTENTION.