

## Remove all hurdles to movement of workers, goods, services and capital

---

“More action is needed to make the Single Market’s freedoms a reality”

### **BACKGROUND**

The Single Market rests on four fundamental freedoms which are enshrined in the EC Treaty ensuring movement of persons, goods, services and capital throughout an area without internal frontiers. This area covers the 27 EU Member States plus three EEA countries Norway, Liechtenstein and Iceland.

The removal of economic, commercial and regulatory barriers affecting those freedoms has been an important aim of the European integration process since the beginning. This is fundamental for the well-functioning of the Single Market. Although a vast arsenal of legislation has already been produced to sweep away those barriers and facilitate cross-border activities, important obstacles remain and are preventing citizens and enterprises from enjoying the benefits of the Single Market.

## Free movement of workers/people

Member States should step up their efforts to remove the administrative and legal obstacles which continue to stand in the way of workers who want to exercise their right to free movement. This implies, in particular, lifting restrictions on entry of citizens from the new Member States while taking account of the situation on the different labour markets. At EU level, the completion of the modernisation and simplification of existing rules on coordination of social security schemes is key to facilitate European citizens' right to move freely.

## Free movement of goods

The principles and regulation for ensuring free movement of goods within the Single Market are broadly speaking in place. However, experience has shown that in practice many barriers continue to exist. In non-harmonised areas, the mutual recognition principle does not always work as intended and manufacturers often do not rely on it.

In harmonised areas, Member States should do more to comply with their market surveillance responsibilities including appropriate sanctions for non-compliance. Levels of efficiency and procedures should converge so that comparability is possible.

The new legislative package for goods adopted in June 2008 aims at tackling these problems and is a fundamental step forward. Market surveillance structures will be reinforced to catch unsafe products and remove them from the market. In addition, these surveillance systems will be better aligned with import controls. Regarding mutual recognition the burden of proof is no longer on the seller of the goods but on the administration, making it harder for Member States to unduly reject products that have already been accepted in another Member State.

The Commission should now focus its efforts on properly monitoring the implementation of the new legislative package for goods and ensure that relevant provisions of the package are used in future product legislation.

## Free movement of services

Despite the appalling economic importance of services in the European economies, the Single Market for services is underdeveloped in comparison with the market for goods. The services directive will help to create this market but must be transposed by Member States correctly and on time. The Commission and Member States should continue their efforts in the transposition and implementation phase. Further action should concentrate on strategic sectors such as transport, energy or telecommunications. There is a need to ensure proper implementation of the rail transport acquis, produce an effective ports policy for Europe, move forward ongoing "open skies" negotiations, do more to reduce congestion and increase accessibility. As for telecoms, the ongoing regulatory framework review should stimulate investment, innovation and competition, with effective and timely implementation and more consistent application of the Single Market rules across the EU.

## Free movement of capital

The expected benefits of integrated EU financial markets in terms of increased competition, reduced costs of raising capital and lower trading costs will only be realised if confidence in financial markets is restored and legislation is consistently implemented and enforced. This, in turn, requires increased cooperation between national supervisors and regulators and convergence of national regulators' day-to-day application of legal provisions.

The cost of complying with 27 different tax systems must be also drastically reduced by improving coordination between national tax regimes.