



SPEECH

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EPC POLICY DIALOGUE WITH COMMISSIONER CHARLIE MCCREEVY ON “IMPLEMENTING THE SINGLE MARKET: SUCCESSES AND CHALLENGES”

THURSDAY 3 APRIL 2008

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SECRETARY GENERAL**

**“The need for further integration of the EU Single Market: the business
perspective”**

Commissioner McCreevy,
Ladies and Gentlemen,

It is a great pleasure for me to take part in this debate organised by the European Policy Centre, to speak about the **Single Market and its future**; in particular on what is needed to improve the functioning of the single market.

As Commissioner McCreevy has recalled, nobody can question the importance and the numerous advantages and opportunities that the Single Market has created for our society since its launch in the 90s. For BUSINESSEUROPE, the correct functioning of the Single Market is a key priority including the fight against all kinds of protectionism.

The advantages created by the Single Market are various:

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 Single Market. Cross-border investment flows of 430 billion euros per annum and 70% of Member States' exports are destined for other EU countries.

As **for companies**, the Internal Market has helped them 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.

In spite of this promising picture, there is still a **long way to go before** the Single Market functions optimally and citizens and enterprises, especially SMEs, benefit from its advantages to the full. There are still many remaining barriers to the Single Market that represent in total an unfulfilled economic potential of 275 to 350 billion euros¹.

Furthermore, the Single Market operates in a fast moving environment that has considerably changed compared to the time when its foundations were established. Globalisation, demographic trends, increased use of new technologies, energy and climate bring important challenges and opportunities.

This is why **we cannot be complacent** about the Single Market. Policy-making and management of the single market must be adapted and modernised with the primary aim of **reinvigorating the single market and fostering competitiveness**.

The Commission's Single Market Review Package of 20 November 2007 provides a **good basis** to continue to deliver for EU citizens and companies. Yet its success will depend greatly on the commitment of national governments to take up their responsibilities and to put in place the necessary resources.

The last European Spring Council has endorsed the Commission's package and asked for regular monitoring and update of the package. The Competitiveness Council will **assess progress** on a yearly basis and in good time before the Spring European Council meetings as a key part of its contributions to the Lisbon Strategy.

Reinvigoration of the Single Market should pursue the following priorities:

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

The **correct national transposition of the Services Directive** is of paramount importance. Less than two years are left for transposition and Member States still have a lot of work to do. National governments must reduce red tape through establishment of effective points of single contact and electronic procedures, simplify national regulations and cooperate better among themselves in the services sector. The way national transposition will be made needs to be carefully monitored, in particular implementation of the provisions of article 16.

¹ BUSINESSEUROPE calculations based on the European Commission report "Steps towards a deeper economic integration: the Internal Market in the 21st century".

We also look forward to the **prompt implementation of the recently adopted “goods package”** that clarifies and distributes better the various responsibilities over the entire supply chain in particular manufacturers and importers. It also provides a reinforced framework for market surveillance and custom controls. This new framework will increase consumers’ safety and ensure fair competition.

Better regulation: bad legislation undermines companies’ competitiveness seriously. New proposals should therefore be better prepared, interested parties properly consulted and more emphasis given to reduction of administrative burden and elaboration of systematic impact assessments.

The Commission and Member States have to ensure that new regulatory initiatives, particularly in the fields of energy, environment or social and consumer protection, do not undermine the functioning of the Single Market. A rigorous impact assessment which includes a “Single Market compatibility test” and benchmarks of international standards should be systematically carried out. In this respect, BUSINESSEUROPE is particularly worried about the potential impact of current discussions to create judicial collective actions at European level.

Real progress should be made in particular in **implementation of the “think-small-first principle”** focusing on the obstacles that prevent SMEs from fully seizing the opportunities of the Single Market. Of particular relevance to SMEs is the reduction of tax and administrative burden as this currently remains the biggest growth inhibitor.

BUSINESSEUROPE appreciates the renewed focus the Commission puts on SMEs and the improvement of their business environment through a proposal for a Small Business Act. However, it is important to stress that any future initiatives should not disrupt the level playing-field and fair competition in the market.

Last but not certainly least, I would like to reiterate the utmost importance of improving **enforcement in the Single Market**. 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. The picture is far from ideal!

There is too much **inconsistency between Member States** when carrying out their enforcement responsibilities in terms of transparency, commitment, diligence, qualitative and quantitative resources, etc.

It is striking to observe that 7 countries – Italy, Spain, France, Greece, Germany, Portugal and Belgium - representing around 63% 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 and deprive citizens and businesses of their rights and undermine their confidence in and perception of 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.

Enforcement is a shared responsibility between the EU Commission and Member States. However, it is at national level where most problems arise so a special effort and more resources will be needed from national administrations for progress to be made.

The following **recommendations for improved enforcement** can be made:

1. Ensuring timely and correct transposition and administrative implementation of Community legislation via systematic use of transposition assistance plans. A good example is the Commission's efforts to facilitate transposition of the services directive.
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 single market.
4. Improving cooperation and mutual assistance among national authorities at all levels: national, regional and local.
5. Ensuring easier access to both EU and national means for defending Single Market rights including reinforcement of SOLVIT (only 30% of the cases are brought by companies).

The above and other proposals for improvement can be found in the **BUSINESSEUROPE publication on enforcement** (www.businessseurope.eu).

So as you can see, the European Single Market needs a lot of action to remain on the right track and a collective effort including the private sector and citizens is necessary so that we can continue to talk about it in the future as a "success story".

I thank you for your attention.
