



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.11.2007
COM(2007) 724 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

A single market for 21st century Europe

{COM(2007) 725 final}

{SEC(2007) 1517}

{SEC(2007) 1518}

{SEC(2007) 1519}

{SEC(2007) 1520}

{SEC(2007) 1521}

TABLE OF CONTENTS

1.	Introduction	3
2.	Harnessing opportunities for citizens	4
2.1.	Empowering consumers and SMEs	4
2.2.	Making globalisation deliver for Europe	6
2.3.	New frontiers: knowledge and innovation	8
3.	Delivering results	11
3.1.	The social, environmental and cohesion dimensions	10
3.2.	A more evidence-based and impact-driven single market	11
3.3.	More targeted and better enforced	12
3.3.	More decentralised and network-based	13
3.4.	More accessible and better communicated	13
4.	Conclusion	14

1. INTRODUCTION

The single market is a pillar of the European Union. It has turned the free movement of people, goods, services and capital into a tangible reality, delivering real benefits for Europeans¹. It has created jobs and stimulated growth. It has enabled Europeans to live, work, study and retire in a different country. One and a half million Erasmus students, for example, have taken advantage of EU-wide mobility. The single market has brought consumers a wider choice of goods and services at lower prices, stimulating higher quality and better safety. It has created a common set of rules for business, as well as access to a market of 500 million consumers. The single market has been essential for the smooth functioning of Europe's economic and monetary policies and served as a strong base for the launch of the Euro. The enlarged single market has made Europe more open, more diverse and more competitive - creating new opportunities, respecting social rights, and promoting high standards for health, safety and the environment.

Despite these achievements, the single market still has untapped potential and needs to adapt to new realities. In February 2007, the Commission set out its vision for the 21st century single market: a strong, innovative and competitive market, which maximises the potential of services, directly benefits consumers and entrepreneurs and positions Europe to better respond to and shape globalisation².

This Review translates this vision into action. The single market will build on its existing strong foundations while repositioning itself to respond to new challenges - globalisation, the rapid pace of innovation and change, evolving social and environmental realities. Also, now that the EU has become bigger and more diverse the single market needs to:

- **deliver more results for citizens, consumers and SMEs:** the single market must be more responsive to the expectations and concerns of citizens. It must continue to bring the consumer benefits in terms of lower prices, quality, diversity, affordability and safety of goods and services. It has to foster the right conditions for small and medium-sized businesses.
- **take better advantage of globalisation:** the single market is a powerful lever to bring the benefits of globalisation to Europeans. It must maximise its potential as a springboard for businesses entering global markets, an attractive location for investors and a global leader in setting benchmarks for rules and standards.
- **open new frontiers of knowledge and innovation:** the single market needs to better foster knowledge- and technology-intensive goods and services as the engines of future growth.
- **encompass a strong social and environmental dimension:** single market policy must take full account of the social and environmental implications of market opening, and must be accompanied by measures that enable all citizens and businesses to take advantage of new opportunities.

¹ A staff working paper published alongside this report recalls the achievements of the single market.
² COM(2007) 60, 21.2.2007.

All of this calls for new working methods and the use of a diverse set of instruments. Efforts have focused on removing cross border barriers, mainly through legal measures. Efforts should now be made to develop a more varied set of tools and a more impact-driven approach: making markets deliver more effectively in areas which will bring the best return for consumers, growth and job creation. In line with Europe's "Better Regulation" goals, more attention will be paid to implementation and enforcement; further strengthening impact assessments and consultation of stakeholders; simplifying existing legislation where possible, cutting unnecessary red tape; and subjecting policies and laws to systematic evaluation. This effort requires a commitment well beyond "Brussels": in a larger, more diverse EU, success demands partnership with the Member States and involvement of a wider range of stakeholders.

The single market is at the heart of a range of EU policies. The creation of the euro at the turn of the century and its adoption by an increasing number of Member States reinforces the interaction between the single market and the Economic Monetary Union. The euro has proved an anchor of stability and a driving force for the single market process that has benefited the EU economy as a whole, not only the euro area. As a powerful stimulant of growth and jobs, the single market is key for delivering the priorities of the Lisbon Strategy. This Review should be followed up in the next phase of the Strategy, for which the Commission will present proposals in December 2007. The single market also goes hand in hand with social and environment policies to contribute to sustainable development goals.

The Review sets out a new approach to the single market. It does not include a classic legislative action programme. Its aim is rather to foster flexibility and adaptability while maintaining the legal and regulatory certainty necessary to preserve a well-functioning single market. The way that it will do so is summarised below with illustrative actions. It is described in further detail in the documents on market monitoring, single market instruments and trade instruments which accompany the Review. An accompanying document on retail financial services illustrates in more detail how the approach will be applied in this important sector. The Review is complemented by a vision on how to promote opportunities, access and solidarity in the Europe of the 21st century, which is presented alongside the Review together with a companion document on services of general interest. These documents, together with a summary of the achievements of the single market, form the "Review package". They represent an important part of the Commission's response to the challenges of globalisation "The European interest - succeeding in an era of globalisation"³ which was presented at the informal European Council in October 2007.

2. HARNESSING OPPORTUNITIES FOR CITIZENS

2.1. Empowering consumers and SMEs

The single market needs to deliver better results and tangible benefits for consumers and SMEs, responding to their expectations and concerns. Consumers need to feel confident and empowered to make full use of their rights. Market opening and consumer policy go hand in hand. Today, consumers can shop in other EU countries or on the internet without having to worry about paying customs duty or additional VAT. They enjoy the guarantee of high standards for food and consumer goods. Product and food labelling, as well as price

³ COM(2007) 581, 3.10.2007.

transparency requirements, make it easier to compare when buying. Goods which do not conform to the contract of sale can be sent back and must be replaced or repaired. Legislation is in place to prohibit unfair commercial practices and misleading advertising. The European Consumer Centres Network (ECC-net) advises and supports consumers on cross-border disputes. Recently, the Commission proposed to establish an Energy Consumers' Charter setting out basic consumer rights for electricity and gas supply. Consumer welfare is also protected by the rigorous enforcement of EU competition rules: cartels in sectors from escalators to beer have been broken up; anti-competitive mergers between airlines have been prohibited; companies like Microsoft, Telefonica, Deutsche Telekom and Wanadoo have been obliged to stop abusing their dominant position; State aid control ensuring that public funds are well used. All of this has contributed to better functioning and more innovative markets that deliver better goods and services at better prices.

More needs to be done. The single market must continue to focus on areas that touch the daily lives of consumers, such as energy, telecommunications, retail financial services and wholesale and retail trade. The lack of effective competition and the fragmentation of markets, in part due to different national consumer contract laws, should be dealt with so as to ensure that consumers effectively reap the benefits of market opening and find it easier to understand how the single market can work for them. By educating and empowering consumers, for instance in the area of retail financial services, action at EU level can be a stimulus for productivity and efficiency. Although the regulatory framework for e-commerce is in place, more can also be done to ensure that citizens can exploit the opportunities offered by the internet.

The single market has to maintain high standards, notably in areas such as product and food safety. Efforts are being made to improve the management of the goods market - for example, through strengthened market surveillance and better coordination between accreditation, certification and surveillance bodies. This should also lead to an improved understanding of the CE marking on products so as to better protect consumers from unsafe products. Not only goods, but also services, should be safe and of good quality. There is a need to reflect further on how safety and quality can be best ensured and communicated in the services sector.

The single market must also continue to improve framework conditions for businesses. In contrast to large operators who have been very successful in accessing the opportunities of the single market, small and medium-sized businesses often find the single market fragmented and difficult to penetrate. For example, Europe's language diversity and varied cultural and consumer preferences, an invaluable asset and source of innovation, add to the complexity of the single market for SMEs. Differing approaches to taxation and the difficulty of finding unanimous support for a common approach to rules on taxation can also act as a brake on SMEs penetration of the single market. Whilst it has become quicker and easier in recent years to set up a business in all parts of Europe, more has to be done to improve access for SMEs, to facilitate their growth and unlock their business potential. The Commission will consult all stakeholders so as to develop further initiatives that better tailor the single market to the needs of today's SMEs.

Box 1. A market for consumers and SMEs

Consumer rights and redress: A global approach to consumers' rights across the EU will create a simple and easily enforceable regulatory framework and will help remove the barriers to cross-border shopping now faced by consumers and businesses. Empowering consumers, including more vulnerable consumers with special needs or disabilities, setting rights and accessibility standards, and protecting them against risks and threats that they cannot tackle as individuals is a central goal of the consumer policy strategy. Building on its review of the EU consumer acquis, the Commission will present further initiatives in 2008 on consumer contractual rights and collective redress, also facilitating damages claims for breaches of consumers' rights and competition law.

Access to quality retail financial services: Choosing a current bank account, a mode of payments, an investment or insurance product, a personal mortgage, a saving, pension or loan scheme, a motor vehicle insurance - all involve important personal decisions, with significant impacts on household budgets. Evidence suggests that this sector can deliver greater benefits in terms of price, choice and confidence in the products and services on offer. A staff working paper published alongside this report describes the initiatives envisaged by the Commission to stimulate competition and improve the capacity of consumers to make decisions for themselves. These include measures to foster financial literacy, to allow consumers to move freely between providers and switch bank accounts easily, to do away with anticompetitive product tying and to stimulate the mortgage credit market.

Food Safety: the EU is committed to ensuring maximum food safety across its territory. The Commission will present an initiative on food and nutrition labelling and will review the legislation on novel food.

Pharmaceuticals: Further strengthening and rationalising of market surveillance mechanisms for medicinal products will contribute to improving the safety of patients in Europe. Improved access to information on pharmaceutical products and services will enable patients to make more informed choices about their health. The Commission is preparing a package of measures to deliver on these objectives, which will also help keep Europe as a prime location for health-related innovation and development.

A Small Business Act for Europe: The Commission will examine a range of initiatives to back SMEs, in the form of a Small Business Act for Europe in 2008. This could provide guidelines and provisions tailored for SMEs according to the "think small first" principle. It could draw together the SME elements present in various policies and laws, with the aim of reducing further unnecessary administrative burdens, increasing SMEs' participation in EU programmes, further improving SMEs' access to public procurement and reducing obstacles to cross-border trade, thus fostering further innovation and growth. The Commission will also examine how taxation policies and practices affect SME growth and will propose a European Private Company statute to facilitate cross-border activities of SMEs.

Improving the tax environment: Efforts will continue to reduce compliance costs resulting from the tax fragmentation of the internal market, in particular for SMEs, as well as to allow companies to choose an EU-wide tax base. Policy initiatives to reduce double taxation should also facilitate cross-border activity both for firms and individual citizens.

2.2. Making globalisation deliver for Europe

Globalisation is a formidable source of dynamism and change. The single market is Europe's best asset in reaping the benefits of globalisation. It enables Europeans to benefit from global market opening through reduced prices and increased choice. It prompts firms to improve efficiency and innovate and helps them to strengthen their competitiveness so as to enter global markets. It makes Europe more attractive for investors and companies across the world.

It enables Europe to take the lead in setting benchmarks and bringing about convergence of rules worldwide, facilitating European exports and ensuring that imports meet necessary standards, thereby also protecting European citizens.

In developing its regulatory regime, the EU has worked with the Member States to reconcile their different approaches and to find the right mix to allow trade to flourish while respecting labour law, health, safety and environmental standards. This has led the EU to develop a modern and innovative regulatory and supervisory framework, with the EU being looked upon as the global standard-setter in many areas such as product safety, food safety, environmental protection, public procurement, financial regulation and accounting. The GSM standard is now used by almost two and half billion mobile phone customers worldwide. In CO₂ emissions trading, aviation safety or chemicals, the EU has established new rules, which are gradually being adopted across the world. EU competition policy also has a global reach, with the Commission challenging cartels, anti-competitive mergers and abuses of a dominant position affecting European consumers and businesses, regardless of the nationality of the companies concerned. The international context is changing rapidly. Many challenges increasingly require coordinated global action - be it to tackle climate change or to fight against piracy and counterfeiting. A new international approach focusing on regulatory cooperation, convergence of standards and equivalence of rules is emerging. This approach should be further developed in the mutual interests of the EU and its partners. This will foster a "convergence to the top" rather than a "race to the bottom".

How can this be done? The way forward must build upon three pillars identified in the "Global Europe" agenda⁴.

Box 2. Global Europe: the way forward

Expanding the competitive space for European firms beyond the physical boundaries of the single market, opening up other markets through multilateral and bilateral trade liberalisation, as well as active enforcement of market access rights. The Commission remains committed to the success of the Doha development agenda. Building on the platform created by the World Trade Organisation, the Commission has launched negotiations for "deep" Free Trade Agreements aiming at better market access for EU companies and a large degree of regulatory convergence. Specific initiatives will also be launched to foster intellectual property rights enforcement and full respect of international rules on subsidies. Moreover, state aid control, as one of the instruments of competition policy, ensures an integrated competitive internal market. This needs to be complemented with active use of trade policy tools in order to respond to unfair foreign subsidies and other unfair trading practices, as well as to ensure a level playing field internationally, including by actively opening markets abroad.

Expanding the regulatory space of the single market, by promoting cooperation on Europe's norms and values abroad enabling European regulations to benefit from best practice everywhere, and ensuring that European norms are a reference for global standards. The Commission is engaged in a series of multilateral and bilateral dialogues to improve regulatory convergence with its main partners and with its immediate neighbours. Multilaterally, it is important to push forward the issue of regulatory coherence on the WTO agenda. Bilateral fora, such as the EU-US Financial Markets Regulatory Dialogue or the recently established Transatlantic Economic Council, provide good opportunities for effective cooperation. These efforts should be more focused, complement trade negotiations and relate more effectively to training, assistance and research cooperation efforts. The Commission should also support European supervisors and regulators in deepening their international cooperation. The EU must continue to play a leading role in international rule making

⁴ COM(2006) 567, 4.10.2006.

and standard setting bodies, and for this it needs to speak with one voice. For instance, the Commission will seek greater convergence of competition rules in international venues, such as the OECD. Finally, the EU must also be able to learn: examining global standards when devising Europe's own policy solutions and taking inspiration from best practices of foreign regulators should serve to improve EU regulations and facilitate their acceptance abroad.

Ensuring that the benefits of openness reach European citizens, through better standards, lower prices and greater choice, to be achieved by close monitoring of markets and appropriate action to improve their functioning or to create a more competitive environment, at EU level or within the Member States. The EU has a specific responsibility to follow up on trade agreements and ensure that they produce their intended effects. The case of textiles is a good illustration of the conditions which need to be met for market opening to deliver. In January 2005, following a transitional phase of about a decade, a 40-year old system of quotas for textiles and clothing (the "multifibre arrangements") was dismantled under WTO rules. A recent study has shown that the impacts for consumers, while on average positive, have varied widely across the EU depending on the structure of the competing domestic industry and the extent of competition in the retail sector. In Ireland and the UK, clothing prices have fallen by about 50% in real terms, while they have remained largely unchanged in Italy and Spain. This type of analysis will be done in other sectors, with accompanying measures being promoted so that the gains of international trade are passed on to consumers.

A document on the external dimension of the single market accompanying this report provides greater detail on how single market tools should be adjusted to respond to the changing global context.

2.3. New frontiers: knowledge and innovation

The single market originally conceived for an economy reliant on primary products and manufactured goods has to adapt to foster openness and integration in a knowledge-based, service-oriented economy.

Today, services are the dominant economic force in Europe. The services sector accounts for 70% of GDP, 68% of employment and 96% of the new jobs created in the EU. However, it accounts for only 20% of intra-EU trade. This reflects the fact that services often have an intrinsically local character with the client wanting to be close to the service provider. But it also points to the need to tap further potential, reduce barriers and increase competition in the services sector. That only 6% of Europeans are using cross-border electronic transactions illustrates the potential that remains untapped.

Many steps are being taken. Provision of services across the EU should get a boost with the implementation of the Services Directive, which has to be transposed into national law by end 2009. Similarly, initiatives on network industries - energy, telecommunications, postal services, transport - are showing results on the ground once they are fully implemented. For instance, thanks to the unified European framework in telecommunications, citizens and firms have benefited from lower prices, more choice and innovative services. The re-orientation of state aid towards horizontal objectives such as innovation and knowledge should also help tap single market potential.

Yet more can be done. For instance, citizens, businesses and public authorities should be enabled to exploit new opportunities across Europe using Information and Communication Technology (ICT). ICT is essential for the good functioning of the "e-Internal Market", creating interoperable services such as e-invoicing, e-procurement and e-customs. With the rapid development of these technologies, there is the risk that Member States opt for different or incompatible solutions, and that new "e-barriers" would emerge for the end users. The

Member States and the Commission, working together, need to redouble their efforts to avoid market fragmentation and promote commonly agreed ICT solutions.

Further efforts are needed to promote free movement of knowledge and innovation as a "fifth freedom" in the single market. The single market can be a platform to stimulate innovation in Europe. It encourages the spread of new technologies across the EU. It lends itself to networks - virtual and real - and fosters the development of a sophisticated logistics sector allowing for integrated management of the flows of goods, energy, information, services and people. It facilitates exchange of knowledge through the mobility of workers, researchers and students. A number of initiatives to stimulate the single market for knowledge and innovation are outlined below.

Box 3. Pushing the frontiers: innovative people, products and services

Mobility of researchers: The 7th Framework Research Framework Programme provides direct support to network and integrate research throughout the EU. As part of the realisation of a European Research Area, work is under way to introduce the equivalent of a "researcher passport" that would remove barriers to researcher mobility and facilitate exchange of researchers.

A modernised framework for e-communications: The Commission's new reform proposals for EU telecom rules aim at the completion of the single market in telecom services, which is essential for the wider digital economy and society. These proposals will increase consistency and predictability and make it easier to roll out new cross-border services. They will also unleash the economic potential of Europe's leadership in wireless technologies by making radio spectrum policies more efficient, flexible and market driven. In 2008 the proposals will be followed by an initiative to update universal service in support of the transition to an Information Society for All.

Intellectual Property Rights: The groundwork has been laid for decisions to be taken on a common EU framework for patent protection, delivering a simple, cost-effective and high-quality patent system for Europe. The Commission will present a strategy for Industrial Property Rights in 2008, including activities aiming at improving the awareness and enforcement of IPR by SMEs and the management of IPR by publicly-funded research institutions. Moreover, a Customs Action Plan to combat counterfeiting and piracy will be proposed.

Standardisation: The Commission will present a standardisation strategy in 2008 to enable the results of R&D to find their way onto markets, in particular through SMEs, and to facilitate the uptake of new energy-saving and environmental technologies. Particular emphasis will be put on engaging with SMEs and the research community.

E-invoicing: The Commission will propose a European e-Invoicing Framework, which will facilitate the transmission of invoices in electronic format across the EU.

E-authentication and e-signatures: Building on on-going work in the field of e-government, the Commission will present in 2008 a specific Action Plan to further promote the implementation of mutually recognised and interoperable electronic signatures and e-authentication (electronic identity) between the Member States, thereby facilitating the provision of cross-border public services.

E-customs: In the year of the 40th anniversary of the Customs Union in 2008, the Commission and the Member States will start implementing the E-customs Decision, which aims at making customs and companies' IT-systems inter-operable throughout the EU.

2.4. The social, environmental and cohesion dimensions

Market opening and economic integration have social and environmental impacts, which must be factored in - both in Europe and abroad. This requires a better assessment of the impact of decisions and a better collective capacity to anticipate, foster and manage changes implied by greater opening and technological developments. This also implies getting market prices to reflect their real costs on society and the environment, as well as making citizens more aware of the social and environmental impacts of their consumer choices. These priorities are essential for the long term viability of the single market and are at the core of the Sustainable Development Strategy, so that the benefits of a more open world are shared more evenly and passed on to future generations.

The development of the single market has gone hand in hand with the European social agenda. The set of shared rights and values, which are clearly expressed in Article 2 of the Reform Treaty and the Community social policy "*acquis*", reflect a commitment to European action in a number of social policy areas.

European economic, social and territorial cohesion policy, backed by the EU Structural Funds, connects and empowers citizens and businesses, helping to unleash the single market's full potential. This policy has helped to spread the benefits of the internal market to all regions of the Union, making sure the benefits of opening are widely shared and cushioning possible adverse effects of adjustment.

European societies are changing fast. Technological progress and globalisation are affecting the way Europeans live and work, with new job, career and service opportunities, a demand for new skills and an increasing pace of change. The single market has prompted new trends in intra EU mobility. Some workers have difficulty adapting and see these wider processes as a threat, particularly when they affect their local communities. These are legitimate concerns, which must be addressed. Workers' rights need to be guaranteed and a level playing field maintained, notably through the correct application of EU labour law.

Taking better account of the environmental dimension is not only important in itself, but it can generate many new opportunities. The eco-industry already employs more than sectors like car manufacturing or pharmaceuticals. The EU's determination to act and promote its standards globally will give it a head start in steering new technologies and creating new jobs. Europe's experience in fighting climate change, for example, by fostering low carbon products and services, serves as an inspiration across the world, establishing global benchmarks and generating new export markets.

Box 4. Advancing Social Europe

Paving the way for a renewed Social Agenda: *As part of the Commission's Citizens' Agenda, a consultation is on-going on Europe's social reality. Alongside this report, the Commission is publishing a vision on how Europeans can access the opportunities generated by an open, modern and changing Europe. Reactions to this vision will feed into the preparation of a renewed Social Agenda setting out initiatives at EU level, which the Commission will present in mid-2008.*

Services of general interest: *The Protocol agreed alongside the Treaty of Lisbon sets out the EU principles applicable to services of general interest and establishes a new, transparent and reliable framework at the level of the Treaty. This draws the lessons of a decade of debate about the role of the EU and it highlights the convergence of views, notably since the 2004 Commission's White Paper. A document on services of general interest, including social services of general interest, is presented*

alongside this review to take stock of this new situation. An initiative on healthcare services will follow soon.

Facilitating mobility: Workers' mobility is a right established by the EU Treaty and it is essential to the functioning of the single market. The free movement of workers will be further facilitated when the transitional arrangements foreseen for the new Member States come to an end. Following the 2006 European Year of Workers' Mobility, the Commission will present a Job Mobility Action Plan by the end of 2007 including a review of the Community rules on social security coordination.

EU labour law: Rules in place at EU level recognise fundamental rights for workers, for instance in terms of information and consultation, and provide for minimum requirements which guarantee a level playing field for workers and companies. By 2008, the Commission will present a proposal to amend the Directive on the establishment of a European Works Council.

Cross-border integration: To help EU citizens living and working in border regions, a new legal instrument, called "European Grouping for Territorial Cooperation" (EGTC), has been designed to help deliver new cooperative approaches across borders in areas such as healthcare, risk prevention, environment protection, culture, tourism, and local cross border infrastructures.

3. DELIVERING RESULTS

To deliver results, the single market needs to adapt and apply new approaches. This is all the more important now that the EU is bigger and more diverse. Making the single market work is a joint responsibility of all levels of government and supervision. The single market is built on trust - a trust that can be fostered and strengthened both through close administrative cooperation and improved information. A renewed partnership is needed to ensure that the single market delivers to its potential.

3.1. A more evidence-based and impact-driven single market

The EU should focus on areas where it matters most, taking action where markets do not deliver and where it will have the maximum impact. Action requires efforts on the part of all stakeholders to track market developments, identify problems, assess scope for action and gather feedback from the ground. The efforts to improve the functioning of the gas and electricity markets provide a good example.

The Commission and national authorities have wide experience with market and sector monitoring. This needs to be further developed. Competition sector inquiries, the identification of lead markets and the development of joint technology initiatives provide a large part of the answer. But in a number of areas, more evidence needs to be gathered through effective feedback from the operation of the single market on the ground. Better account also needs to be taken of the consumer, SMEs and the global dimension as well as social and environmental impacts.

Box 5. Taking action where it matters

Market and sector monitoring: As part of this review, the Commission's services have developed a methodology for a more systematic monitoring of the functioning of key goods and services markets. The first stage of this methodology consisted in screening sectors offering the greatest potential benefits in terms of growth, job creation and consumer welfare. In the second stage, selected sectors will be examined in more detail in order to determine why markets are functioning poorly (lack of openness/integration, lack of choice and transparency for consumers, low degree of competition, poor

regulatory environment and lack of innovation). This will give crucial insights to address the specific challenges faced in the sector(s) concerned. A staff working paper is presented alongside this report to present first findings. The Commission intends to work closely with national authorities to develop this new approach.

A consumer scoreboard: As an input to the above methodology, a consumer scoreboard will be put in place to monitor performances from the perspective of the consumer and show which markets are failing in terms of economic or social outcomes, using key indicators such as complaints, prices, satisfaction of consumers, switching possibilities and safety, as well as additional sector-specific indicators wherever possible. New data sources, e.g. to compare consumer prices, will be developed. This scoreboard will be integrated with the Single Market Scoreboard from 2009.

3.2. More targeted and better enforced

In carrying forward the single market, the Commission is committed to using a "smarter" mix of tools - instruments that are simple and take subsidiarity, proportionality and different national traditions fully into account.

Citizens and businesses need legal certainty to engage confidently in cross-border activities. Regulation therefore remains important in some areas, but it may not always be necessary or adequate, for instance where obstacles to the functioning of the single market are not primarily legal, but mainly behavioural or institutional. In a diverse EU, there is even more incentive to keep legislation simple. In practice, the best results will therefore often be achieved through a mix of tools (e.g. single market and competition), which complements legally binding instruments with approaches such as guidance, self-regulation, training or advocacy. Continued efforts are needed to involve and consult stakeholders on single market policies. Important proposals will continue to go through rigorous impact assessment, and the Commission is committed to rolling back EU intervention where it no longer achieves desired goals or has been superseded, be it by market developments or by action at a local, regional, national or global level.

Implementation and enforcement of single market rules throughout the EU is fundamental. The benefits of the single market will not materialise if EU law is not correctly applied or if the rights it creates is not satisfactorily upheld and means of redress ensured. Efforts to improve the application of Community law will continue to ensure that citizens, consumers and businesses understand and can make effective use of the single market regulatory framework.

Box 6. Putting single market tools to best use

A better mix of instruments: A staff working paper is presented alongside this report which reviews the tools available to shape, manage and deliver single market policies, and discusses how best results can be achieved at all levels of governance.

Improving on implementation: As set out in its recent Communication on the application of EU law⁵, the Commission will take action to prevent problem in applying EU laws from arising and moving swiftly to correct problems that do emerge in close cooperation with Member States. Where infringements of EU law occur, they will be addressed, and the Commission will give priority to infringements having the greatest impact. Member States are asked to provide concordance information showing how Community legislation is transposed into national law. The Commission will

⁵ COM(2007) 502, 5.9.2007.

publish more general information on the current state of implementation of the law and legal proceedings to ensure the correction of breaches of Community law.

***"Hands on" problem-solving:** SOLVIT is a network of single market experts available to help citizens and businesses facing problems due to incorrect application of EU rules by national authorities. Since its creation in July 2002, the network of national SOLVIT centres and of the Commission SOLVIT team has resolved more than 1 300 problems, sometimes leading to substantial amendments to national legislation. Around 80% of problems encountered are resolved, without having to involve the judiciary, most of them within the deadline of ten weeks. As more people are made aware of the service SOLVIT can offer, more cases are submitted every day.*

3.3. More decentralised and network-based

The single market requires action by authorities and stakeholders at all levels of EU governance. They must team up to ensure that single market rules are known, understood, applied and enforced. Fostering ownership and reinforcing mutual trust are key to making the single market work effectively: this calls for new working relationships and new approaches.

Experience in some Member States has shown that much can be gained through the establishment of "single market centres" coordinating national efforts to make the single market work. At EU level, the example of the European Competition Network shows how a network formed by the Member States' competition authorities and the Commission can ensure the effective and consistent application of EU rules. As is done for instance in the field of customs and through the Consumer Enforcement Network, the EU can also play a role in supporting exchange of information and staff between national administrations. In many areas, there is scope to further foster cooperation, networking and exchange of practices between Member States' administrative, judicial and regulatory authorities, as well as between EU regulators.

Box 7. Working in partnership

In recent years, many initiatives have been taken at local, regional, national and EU level to improve transposition, implementation and enforcement of EU laws, to spread information and to enhance cross-border cooperation between administrations. The EU can draw on these experiences to identify what works well and what does not, and where more effort is needed to make the single market a reality. The Commission will work with the Member States in the Internal Market Advisory Committee to identify best practices, agree guidelines and provide mutual support. The national coordinators in charge of the Lisbon Strategy should also be invited to play a key role in strengthening strategic coordination and exchange of experiences.

3.4. More accessible and better communicated

Much more can be done to improve communication and to publicise the opportunities offered by the single market. Citizens, companies, and local and regional authorities must have access to information and understand the rules in order to seize single market opportunities. Transparency of rules and easy access to information is also particularly important for non-EU partners.

Member States are encouraged to strengthen their communication activities on the single market and better publicise sources of information. The Commission will support these efforts. As part of this review, communication activities have been stepped up: a pilot project of "single market ambassadors" has been launched and a single internet access point for the various EU single market assistance services is being developed. This will complement the

wider work under way between the Commission and the Member States on information-provision and problem-solving for citizens and business.

Box 8. Facilitating access to information

***Need help? EU assistance services:** On the move in Europe and wondering about your rights? Looking for a job? Problem with car registration? Difficulty setting up a business activity? Europe has answers and can help you. A single gateway integrating existing EU on-line services will be set up for citizens and businesses to find answers about the single market, in the form of a "one-stop shop" access to the current information, assistance and problem-solving systems managed by the EU (including Europe Direct, Your Europe, SOLVIT, Citizens' Signpost Service, EURES and the new integrated business support network).*

***Want to see how the single market is performing? The Single Market Scoreboard:** The Commission will monitor the single market's performance and report regularly on priorities to the Spring European Council. This will include the information already gathered on transposition of EU directives, infringements and the use of problem-solving mechanisms, such as SOLVIT. It will also include economic indicators e.g. on market monitoring, and further benchmarking of performances across the EU. A first edition of this wider Single Market Scoreboard will be published in 2008.*

4. CONCLUSION

The single market, one of Europe's most concrete successes, can help Europe meet the challenges of the 21st century. An open, integrated and competitive single market will stimulate economic growth and healthy trading relations, opening opportunities and creating jobs. It will advance the interests and values of Europeans in an era of globalisation. It will go hand in hand with effective universal access to key services, high social and environmental standards, and high levels of investment in research and education. As a joint endeavour of all stakeholders and all levels of government, the single market will show how Europe can deliver results for its citizens.

In order to take forward the ideas set out in the Review, the Commission invites the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions to:

- Give their broad support to the repositioning of the single market as described in this Communication; in particular, the 2008 Spring Council should ensure that single market priorities figure more prominently in the Lisbon Strategy, including in its external dimension, and that the findings of this report feed into the upcoming review of the Economic and Monetary Union on the occasion of its 10th anniversary in May 2008;
- Highlight the importance of the social benefits in terms of opportunities, access and solidarity which can flow from the single market by endorsing the approach set out in the vision paper which accompanies this Communication;
- Support the approach to services of general interest, including social services of general interest, set out in the Communication accompanying this report.