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**COMMISSION STAFF WORKING DOCUMENT**

**Delivering the Single Market Act: State of Play**

## 1. INTRODUCTION

On 13 April 2011, the European Commission adopted the Single Market Act<sup>1</sup>. Based on a Europe-wide public debate, European Parliament Resolutions<sup>2</sup> and Council Conclusions<sup>3</sup> the Commission announced twelve levers to boost growth, jobs and confidence in the single market. It announced a series of actions, including twelve key actions.

The Commission committed itself to delivering legislative proposals for the twelve key actions by the end of 2011<sup>4</sup>. In line with this commitment, the Commission presented proposals for ten of the twelve key actions by the end of 2011. Proposals for the remaining two key actions - a legislative proposal on e-identification, authentication and signature and proposals to improve the posting of workers in the single market - will be presented in the first half of 2012. In addition, the Commission has either tabled proposals for or completed 28 of the remaining 50 actions announced in the Single Market Act.

In response to requests from the European Parliament and the Council, and in view of the European Semester and the Spring European Council, the Commission herewith presents a short report outlining the progress that has been made to date in implementing the Single Market Act. The report shows that sustained efforts are required by all European institutions to ensure that the proposals for the twelve key actions are adopted in time for the 20<sup>th</sup> anniversary of the single market at the end of 2012.

The European Parliament and Council<sup>5</sup> committed to treat the Commission's key actions as priority. The European Council agreed that "all efforts should be made to ensure agreement on the twelve priority proposals set out in the Single Market Act by the end of 2012"<sup>6</sup>. To achieve this objective, the Commission recalled in its Annual Growth Survey 2012 that the European Parliament and the EU Council should fast-track the twelve priority proposals.

Ensuring that single market rules turn into concrete single market rights for our citizens<sup>7</sup> and businesses will require additional efforts. This is why the Single Market Act includes a separate chapter on single market governance. It sets out specific proposals on how to inform citizens and businesses of their single market opportunities, how to improve the application of single market rules by authorities in Member States and how to ensure their effective enforcement. However, as

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1 Communication from the Commission: "Single Market Act: Twelve levers to boost growth and strengthen confidence: Working together to create new growth"; COM(2011)206/4

2 European Parliament Resolution of 6 April 2011 on a Single Market for Enterprises and Growth (A7-0071/2011); European Parliament Resolution of 6 April 2011 on a Single Market for Europeans (A7-0072/2011); European Parliament Resolution of 6 April 2011 on Governance and Partnership in the Single Market (A7-0083/2011)

3 Conclusions of the 3057th Competitiveness Council on the Single Market, 10 December 2010

4 Except for the proposal for legislation on e-signatures, e-identification and e-authentication, which was announced for the first quarter of 2012.

5 Conclusions of the 3094th Competitiveness Council on the priorities for relaunching the Single Market, 30 May 2011. Conclusions of the 3105th Economic and Financial Affairs Council on the Single Market Act – priorities for re-launching the Single Market, 12 July 2011

6 European Council Conclusions of 23 October 2011; EUCO 52/11

7 Access to problem solving networks is available to all people legally resident in the EU Members States regardless of their nationality.

evidenced in this report, progress achieved on these issues has been mixed to date. More efforts are required in this regard.

This report is a European Commission staff working document for information purposes. It does not represent an official position of the Commission on this issue, nor does it anticipate such a position.

## **2. THE TWELVE SINGLE MARKET ACT KEY ACTION PROPOSALS**

### **2.1. A single market for venture capital**

On 7 December 2011, the European Commission presented its legislative proposal creating a single market for venture capital.

The objective of the proposal is to increase the amount of venture capital available to SMEs across the European Union. The present fragmentation of venture capital markets complicates access to finance, in particular for innovative, growing SMEs that may face difficulties in accessing sufficient traditional bank financing. The proposal will ensure that venture capital funds established in a given Member State can raise capital and invest into projects across the European Union with no additional obstacles or burden. It lays down a uniform 'single rule book' governing the marketing of funds under the designation 'European Venture Capital Funds'. **All funds operating under this designation must abide by uniform rules and quality standards when they raise funds and invest across the European Union. The regulation will provide all managers of qualifying venture capital funds with a European marketing passport allowing access to eligible investors across the European Union.**

The proposal has been passed to the European Parliament and the Council for negotiation and adoption. It is the objective of the Danish Presidency to engage in a political debate in the Competitiveness Council in February and to reach an agreement with the European Parliament in May.

### **2.2. A modern system for the recognition of professional qualifications**

On 19 December 2011, the European Commission presented its proposal for a revised Directive on the recognition of professional qualifications.

The objective of the proposal is to facilitate the speedy recognition of professional qualifications to support the mobility of professionals across the single market. **To this end, the Commission proposes the introduction of an electronic European Professional Card, which will be implemented through the existing Internal Market Information System (IMI). An alert mechanism to identify health professionals guilty of malpractice is proposed<sup>8</sup>. The proposal will also modernise the harmonised minimum training requirements for certain professions benefiting from automatic recognition (in particular doctors, nurses, midwives and architects).** It will also offer the possibility to extend automatic recognition to new professions through the concepts of 'common training frameworks' and 'common training tests'.

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<sup>8</sup> The necessary data protection safeguards should be taken into account.

Furthermore, it will simplify the access to information on recognition of qualifications by extending the scope of the Points of Single Contact introduced by the Services Directive. Moreover, with its proposal the Commission seeks to launch a systematic screening and mutual evaluation exercise for all regulated professions in Member States.

The Commission's proposal reflects the main policy orientations provided by the European Parliament in its Resolution on the implementation of the Professional Qualifications Directive, adopted on 15 November 2011<sup>9</sup>. The European Parliament, Members of which have already indicated their strong support for the proposal, is due to start discussions in March 2012. It is the objective of the Danish Presidency to hold a political debate on this proposal at the Competitiveness Council in May.

### **2.3. Establishing a unitary patent system**

Following the Council's Decision authorising enhanced co-operation in this area, on 13 April 2011 the Commission presented two legislative proposals on unitary patent protection in the European Union. The first proposal sets out substantive rules on unitary effect for granted European patents and the second one contains the applicable translation arrangements. In parallel, Member States held intensive discussions during the Polish Presidency on the creation of a Unified Patent Court (UPC) through an international agreement, based on a proposal by the Hungarian Presidency that addresses the issues raised by the Opinion of the Court of Justice of the European Union (CJEU) of 8 March 2011. While the two procedures are different in nature, the Commission considers them as a political package.

The aim of the reformed patent system is to reduce the translation and related costs of patents in Europe by up to 80% and provide a stimulus for European innovation and economic growth. Once the reformed patent system is in place, it will allow any company or individual to protect their inventions through a single European patent which will have unitary effect in 25 Member States. The UPC will ensure that multinational judicial panels deliver high-quality judgments on patents throughout the whole of Europe.

The Competitiveness Council reached a political agreement on the texts of both legislative proposals on unitary patent protection in June 2011. Discussions between the Council and the EP continued in the format of informal trilogues. An agreement on the compromise texts of both regulations was reached in early December paving the way for a first reading adoption of the regulations. The plenary vote in the European Parliament is scheduled for February 2012. The European Parliament considers the patent file as a package of three elements (unitary patent, translation arrangements and the UPC) and may delay the adoption of the regulations as long as the Member States do not reach an agreement on the creation of the UPC.

With regard to the draft Agreement on a UPC, the Competitiveness Council of 5-6 December 2011 failed to reach consensus due to disagreement over the seat of the central division of the UPC. Efforts will continue to reach a deal in early 2012 with the objective to sign the agreement at a diplomatic conference during the Danish

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<sup>9</sup> European Parliament Resolution of 14 November 2011 on the implementation of the Professional Qualifications Directive (2005/36/3C) (A7-0373/2011).

Presidency. Speedy ratification of the agreement is expected so that the UPC can be set up without further delay.

#### **2.4. Faster, easier and cheaper solutions to disputes between consumers and traders**

On 29 November 2011, the European Commission presented a legislative package comprising a proposal for a Directive on alternative dispute resolution for consumer disputes (Directive on consumer ADR) and a proposal for a Regulation on online dispute resolution for consumer disputes (Regulation on consumer ODR).

The aim of the Directive on consumer ADR is to enable EU consumers and businesses to settle all contractual disputes between them arising from the sale of goods or provision of services (online, offline, cross-border or domestically) in the Single Market out-of-court in a simple, quick and inexpensive way. The Directive foresees that all ADR entities in the EU will need to respect binding quality principles, including impartiality, transparency, effectiveness and fairness. National competent authorities will monitor the compliance with these quality principles. Businesses will inform customers about the ADR entity which can deal with a potential contractual dispute with them and of whether or not they commit to use ADR.

The objective of the Regulation on consumer ODR is to create an EU-wide web-based platform ('ODR platform') providing consumers and businesses with a single point of entry for resolving entirely online the contractual disputes related to cross-border e-commerce transactions. Consumers will find information about the ODR platform for problems potentially arising from transactions on the businesses' websites, giving them confidence to buy online and across borders. The Regulation will build the confidence of consumers and businesses in online shopping that is needed to unlock the full potential of e-commerce.

The discussions on the ADR-ODR package within the Council and the European Parliament started immediately after the adoption of the proposals by the Commission. The Danish Council Presidency is conducting an intensive technical discussion at working group level with a view to achieve an agreement by summer 2012.

#### **2.5. A more efficient European standardisation system also covering services**

On 1 June 2011, the European Commission presented its proposal for a revision of the European standardisation system.

This proposal aims to make the procedures in which standards are adopted more efficient, effective and inclusive by helping SMEs and societal stakeholders to actively participate in standard-setting processes. **The proposal will also allow the recognition of selected ICT technical specifications to be developed by standards development organisations other than the national, European, or international standardisation organisations.** Such specifications can then be used in public procurement procedures, among others. As regards services, the Commission proposes to include services standards within the scope of the Regulation to enable it to issue mandates requesting the development of European services standards.

This will make it easier for European-level services standards to be adopted, which in turn will reduce the risk of market fragmentation stemming from diverse national services standards.

The Commission proposal has been subject to discussions in the Competitiveness Council and the European Parliament. Substantive discussions in Council gave rise to a compromise text tabled by the Polish Presidency at the end of 2011. This will constitute the basis for further discussions in 2012. It is the objective of the Danish Council Presidency to reach a first reading agreement with the European Parliament by summer 2012.

## **2.6. Reinforcing the single market's energy and transport backbone**

On 19 October 2011, the Commission presented the Connecting Europe Facility (CEF) package, a set of proposals for the identification and funding of transport, energy and telecommunication networks including the two sector-specific draft Regulations (on Guidelines for the trans-European transport network and for trans-European energy infrastructure) that implement the key action of the Single Market Act under this lever. The package also includes a third Regulation for Guidelines for trans-European telecommunications networks for projects in the area of broadband and digital service infrastructures, which will contribute to the Digital Agenda objectives.

As a single funding instrument with a proposed budget allocation of about € 50 billion, the new Connecting Europe Facility will finance projects where the EU added value is the greatest, thus helping to fill in the missing infrastructure links that still hamper the functioning of the European single market. As regards energy, the proposed Regulation will introduce rules for the development and interoperability of trans-European energy infrastructure. It identifies twelve priorities in the fields of electricity and gas transmission and storage, as well as oil and carbon dioxide transport, and proposes a new method to select 'projects of common interest' to realise these priorities. Their implementation will be facilitated through streamlined procedures and appropriate regulatory treatment and supported with €9.1 billion from the CEF.

Regarding transport, the proposal establishes rules to put in place a complete and integrated Trans-European Transport Network (TEN-T) composed of a core network and a comprehensive network, to be completed by 2030 and 2050 respectively. Implementation will have to follow a corridor approach and be supported by €31.7 billion from the CEF.

Discussions on the Energy Guidelines Regulations have started in the Council under the Polish Presidency, and the Danish Presidency also intends to advance discussions significantly. Regarding transport, the Transport, Energy and Telecommunications Council of 12-13 December took stock of progress on the file based on a progress report by the Polish Presidency, and the Danish Presidency intends to come to a general approach during its semester. The Parliament is also expected to start examining the proposal shortly. The adoption of the Guidelines Regulations by the end of 2012 is important for the identification and financing of "projects of common interest" under the CEF in 2014 to proceed timely. While these Regulations are related to the CEF Regulation proposal and therefore to the

Multiannual Financial Framework proposals for their funding aspect, their adoption by the co-legislators can be completed independently.

## **2.7. Making the cross-border use of electronic identification, authentication and signature easier**

The European Commission intends to present its legislative proposal for a pan-European framework for electronic identification, authentication and signature in the second quarter of 2012.

The objective of this proposal is to create an appropriate legal framework to ensure that electronic identification, authentication, signature and other related ancillary trusted services can be used across borders, with the view to fostering the functioning of the internal market, and more generally to boosting trust, confidence and user friendliness around them. The proposal will provide for mutual recognition and acceptance of official eIDs between Member States, address existing legal and cross-border interoperability problems for e-signatures (which have resulted in a low uptake), and establish a regulatory framework for so-called ancillary services (for example time-stamping and e-seals). These have so far not been regulated at EU level except where emerging national legislations show the need for a common approach to avoid possible barriers to the internal market.

## **2.8. Introducing European Social Entrepreneurship Funds**

On 7 December 2011, the European Commission presented its proposal on the Regulation on European Social Entrepreneurship Funds.

The aim of the Regulation is to establish a recognised EU brand for social entrepreneurship funds, which will allow investors to easily find and target them. This will strengthen trust in the social business market. In addition, the European Social Entrepreneurship Funds will be obliged to inform investors about the details of the fund and its social impact, thus allowing for more transparency in this particular investment market. As rules targeting them differ per Member State and are often onerous and complex, the new proposal also aims to break down barriers to fundraising across Europe by means of a European passport. European Social Entrepreneurship Funds will provide new opportunities for professional financial services investors to help fund social businesses, adding to support already available from funds, banks and public bodies.

The proposal has been passed to the European Parliament and the Council for negotiation and adoption. It is the objective of the Danish Presidency to engage in a political debate in the Competitiveness Council in February and to reach an agreement with the European Parliament in May.

## **2.9. Energy taxation supporting environmental objectives**

On 13 April 2011, the European Commission presented its proposal for a revision of the Energy Tax Directive.

The aim of the proposal is to restructure the way energy products are taxed to take into account both their CO<sub>2</sub> emissions and energy content. This is intended to ensure the proper functioning of the internal market, having regard to both competition between energy products and new requirements relating to the limitation of climate

change, to the use of renewable energy sources and to energy savings. At the same time, such a new system will promote EU renewable energy, climate change and energy efficiency targets. The Commission proposes to split the minimum tax rate into two: one based on CO<sub>2</sub> emissions, and one based on the energy content, i.e. the actual energy that a product generates. The CO<sub>2</sub> element will apply to all sectors not covered by the European Emissions Trading System thereby ensuring that all industrial installations will be subject to one CO<sub>2</sub> price signal. The energy element will apply to all fuel used for transport and heating. Member States will be free to set tax rates above these minimum levels. Creating an EU framework for CO<sub>2</sub> taxation will avoid a patchwork of national environment tax policies with detrimental effects on the internal market. The proposal favours renewable energy sources and encourages the consumption of energy products emitting less CO<sub>2</sub>.

The Commission's proposal has been subject to discussions in the Economic and Financial Affairs Council and the European Parliament, which is asked to give its opinion, expected by spring 2012. In the Council, a number of discussions among technical experts from Member States have taken place. Discussion have so far not led to a convergence of views on key issues such as the introduction of CO<sub>2</sub>-related taxation and equal taxation of all fuels put to the same use. The Danish Presidency considers the proposal one of its priorities and plans to devote appropriate efforts to finding a suitable compromise with a view to reaching political agreement at the June Economic and Financial Affairs Council.

## **2.10. Ensuring social cohesion**

In the first quarter of 2012, the Commission will present two legislative proposals to improve social cohesion in the internal market: a proposal for an Enforcement Directive to improve the implementation of the Posting of Workers Directive and a proposal for a Regulation on the exercise of the right to take collective action in the context of the freedom of establishment and to provide services.

The objective of the Enforcement Directive is to ensure a more uniform application, implementation and enforcement of the Posting of Workers Directive in practice across the internal market. The purpose of the Regulation clarifying the exercise of fundamental social rights alongside the freedom of establishment and provision of services ('Monti II Regulation') will be to clarify the extent to which trade unions may use the right to strike in the case of cross-border operations, without reversing existing ECJ jurisprudence.

## **2.11. Simpler accounting requirements for companies**

On 25 October 2011, the European Commission presented its proposal for a simplification of the two Accounting Directives (on annual and consolidated financial statements).

The objective of the proposal is two-fold. On the one hand, it aims to reduce the administrative burden for small companies by making the preparation of financial statements easier and simpler. This is fundamental for growth and jobs, as it will address unnecessary and disproportionate administrative requirements. On the other hand, the proposal will make company financial information more comparable, clear and easy to understand for users such as investors, banks, suppliers and employees. In practice, the proposal will introduce a "mini-regime" with simpler accounting

requirements applicable to all EU small companies and makes disclosure requirements for medium-sized and large companies more gradual. In parallel, the company size thresholds for the latter categories will be increased so that more individual undertakings will qualify as small and medium-sized.

The proposal is now in the European Parliament and in the Council for discussion and adoption. The Danish Presidency aims to reach a first-reading agreement with the European Parliament by summer 2012.

## **2.12. Making public procurement more efficient, flexible and user-friendly**

On 20 December 2011, the European Commission presented its proposal for the revision of the Public Procurement Directives.

The objective of this proposal is to modernise and simplify the European legislation applicable to public procurement, in particular by introducing flexibility in procedures, by reducing the administrative burden on businesses and by developing and strengthening e-procurement. In addition, contracting authorities will be able to better take into account environmental and social considerations and to support innovation through public procurement. Furthermore, SMEs' access to public contracts will be improved, inter alia by prohibiting disproportionate requirements concerning the financial standing of candidates.

The proposal has been passed to the European Parliament and Council for the adoption procedure. It is a priority for the Danish Presidency, which aims to start a political discussion on the proposal at the Competitiveness Council in February and to present progress made on this file at the Competitiveness Council in May.

## **3. GOVERNANCE OF THE SINGLE MARKET**

The Single Market Act highlights the need for efficient implementation of internal market policy and its governance. In addition to its twelve levers, it singles out four different conditions to strengthen the governance of the single market and to make it more tangible for citizens and businesses: (i) better involvement of the civil society; (ii) working in partnership; (iii) improved information; and (iv) proper transposition and application of EU rules. Progress in these areas has been mixed and additional joint efforts are required. While a lot of effort was put into the involvement of civil society, notably with the successful Single Market Forum and the enhancement of existing governance tools, the latest Internal Market Scoreboard (2011) reveals a worsening picture in terms of the transposition and implementation of EU rules.

### *Involving civil society*

On 3-4 October 2011, the Commission, together with the European Parliament and the Polish Presidency of the EU, organised the first Single Market Forum (SIMFO) in Krakow. The event was a response to requests by civil society to be more closely involved in the development and evaluation of single market policy. It gathered European businesses, social partners, non-governmental organisations, think-tanks, journalists, national parliamentarians, European institutions representatives and public authorities at various levels of government (central, regional and local). In the ensuing Krakow Declaration, participants highlighted the importance of the

close cooperation of Member States to make the single market more effective and reached conclusions on eight specific policy areas.

The European Parliament<sup>10</sup> and Council<sup>11</sup> welcomed the Krakow Declaration. Its operational conclusions will help reflect on the future of the single market and assist the formulation of specific proposals, including its proposal to make the SIMFO a recurrent event.

In the aftermath of the Single Market Act and of the 2010 Citizenship Report that highlight the gap between the EU legal framework and people's daily enjoyment of their rights, Commission services published a list of the 20 main concerns of citizens and businesses about the single market. This list serves as a diagnostic tool: it identifies citizens' problems and their underlying causes in three interrelated areas: (i) non-adequate or incomplete EU legislation in some areas, (ii) citizens' difficulties in exercising their rights due to a lack of implementation, (iii) lack of understanding of these rights. The exercise highlights the need for further, targeted action, especially by Member States who have experienced difficulties implementing or enforcing the legislation at national level.

### *Working in partnership*

Better governance of the single market is highly dependent on active and effective cooperation between Member States at all levels of government. The Internal Market Information System (IMI) offers a powerful tool for cross-border cooperation between competent authorities, with currently more than 11,000 registered users throughout the European Union. The Commission's objective to develop IMI into a comprehensive toolkit for administrative cooperation has received strong support from the European Parliament and stakeholders. In August 2011, the Commission submitted a proposal to the Council and the European Parliament for a Regulation on the IMI<sup>12</sup>. It aims to give the tool a solid legal basis, a comprehensive data protection framework by setting out the rules for the processing of personal data in IMI, and facilitate its use within other policy areas. Discussions in the Council and the European Parliament are well underway with a view to final adoption of the Regulation in 2012. Moreover, the Commission is also proposing to rely on IMI as a partnership tool for the Professional Qualifications Directive<sup>13</sup> (including for the creation of a European professional card) and the Public Procurement Directives<sup>14</sup>. It is also carrying out a pilot project on the use of IMI for the Posting of Workers Directive, allowing labour inspectorates to exchange information.

The Points of Single Contact (PSCs), set up under the Services Directive, are an important tool to improve the governance and practical functioning of the single market by simplifying and speeding up the administrative procedures necessary to carry out service activities both at home and across borders. Important progress has been made since the adoption of the Single Market Act in making more

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10 European Parliament resolution of 1 December 2011 on the Outcome of the Single Market Forum (P7\_TA-PROV(2011)0543).

11 Council Conclusions of 5-6 December 2011

12 Proposal for a Regulation of the European Parliament and of the Council on administrative cooperation through the Internal Market Information system (the IMI Regulation"), COM(2011)522 of 29.08.2011.

13 Proposals to amend the Professional Qualifications Directive, COM(2011)883, 19 December 2011.

14 Proposals to amend the Public Procurement Directive, COM(2011)896 of 20 December 2011.

administrative procedures available online through the PSCs of most Member States, leading to an increase in their use. The availability of information in foreign languages and the gradual development of interoperable technical solutions, primarily by facilitating the mutual recognition of electronic signatures, are beginning to make the cross-border use of PSCs more attractive. However, in many cases, it continues to be challenging for entrepreneurs from abroad to use the PSC, partly for linguistic but also for technical reasons. To reap the full potential of the PSCs, it is clear that more needs to be done: one must make more procedures available for online completion (in particular across borders), simplify the access and use of PSCs, improve the quality and user-friendliness of the PSCs and increase awareness of them.

### *Better information for empowered citizens and businesses*

Together with the Member States, the Commission has further developed the new Your Europe portal, which offers a single gateway for all information and help on single market rights, on a cross-sectoral basis. The portal has been entirely re-designed and is available in all EU languages, resulting in an exponential increase in visits and positive feedback from users, particularly mobile ones. Major efforts have been made to make Your Europe better known via physical networks such as the Europe Direct centres in the Member States, EURES, a network of advisors on job opportunities, and the Enterprise Europe Network. These networks now use Your Europe as a basis for answering many queries from citizens and businesses.

Following an in-depth evaluation of the SOLVIT network (a network of national administrations solving problems which citizens and businesses experience in the single market), the Commission will shortly present a Communication, designed to unlock SOLVIT's full potential. Evaluation results show that SOLVIT offers real advantages for people, both in economic and social terms. The Communication will identify sets of concrete actions, which aim to reinforce SOLVIT and the many benefits it brings to the single market.

### *Ensuring level playing field: improving the application of single market rules*

The Single Market Act stresses the importance of reducing transposition and compliance deficits to 0.5% - also called for by the Krakow Declaration. However, the results of the latest Internal Market Scoreboard (September 2011) are worrying<sup>15</sup>: for the first time since 2007, Member States have jointly missed the 1% transposition deficit. Only eleven Member States reached the 1% target. The average deficit was 1.2%. The percentage of incorrectly transposed directives in July 2011 was 0.8%, again above the 0.5% target proposed in the Single Market Act.

Despite a commitment by the Council to take the necessary steps to ensure proper and coherent enforcement of single market rules on the ground<sup>16</sup>, only little progress has been made. During the discussions on the Single Market Act, the Council has been reluctant to engage on a 0.5% target deficit, while stakeholders, during the public debate on the re-launch of the Single Market and in the Krakow Declaration, stressed the need for a reduction of the transposition and compliance deficit to

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15 [http://ec.europa.eu/internal\\_market/score/docs/score23\\_en.pdf](http://ec.europa.eu/internal_market/score/docs/score23_en.pdf)

16 Council Conclusions of 5-6 December 2011

0.5%. In its Report on Governance<sup>17</sup>, the European Parliament, too, identified the reduction of the transposition deficit of Single Market Directives to 0.5% for outstanding legislation and 0.5% for incorrectly transposed legislation by the end of 2012 as a key priority.

Given their importance for growth, jobs and confidence, particularly determined enforcement efforts should be reserved to the twelve key actions of the Single Market Act. In view of the significant role that these actions play in providing growth and employment, the Commission has stressed the need for timely and full transposition of these twelve key actions.

The Commission stresses the need for Member States to provide documents explaining the relations between EU law and national legal provisions, such as correlation tables. Such a need has also been identified by the European Parliament in its Governance Report<sup>18</sup>. The Commission welcomes the most recent joint political declaration of the European Parliament, the Council and the Commission on explanatory documents which can take the form of correlation tables accompanying the notifications of national transposition measures<sup>19</sup>. It is very important for citizens and those enforcing their rights to know precisely which provisions of national law originate from the EU and to be able to check whether the implementation is correct.

The Krakow Declaration also makes reference to the increase in the exchange of best practices between Member States, the role of judges and their needs as prominent enforcers of single market law. The Commission will undertake to facilitate this.

#### **4. CONCLUSION**

The Single Market Act has allowed the Commission to prioritise a selected number of actions to boost competitiveness, growth and jobs and to strengthen the confidence of citizens and businesses in the single market. The prioritisation of twelve key actions has allowed the Commission to make progress on these files faster than would otherwise have been possible. As a result, it has presented most of its proposals for key actions to deepen the single market by the end of 2011 and is broadly in line with the time plan set out in the Single Market Act.

The Commission President has called on the European Parliament and the EU Council to fast track these proposals and adopt them in a single legislative reading before the end of 2012, in time for the 20<sup>th</sup> anniversary of the single market.<sup>20</sup>

As already announced in the Single Market Act, the Commission will start preparing a second wave of policy proposals to boost growth, employment and confidence in the single market.

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17 Kalniete Report on Governance and Partnership in the Single Market (2010/2289(INI)), 23.03.2011

18 Kalniete Report on Governance and Partnership in the Single Market (2010/2289(INI)), 23.03.2011.

19 Political declaration of the European Parliament, the Council and the Commission on explanatory documents, 23 September 2011.

20 Speech by President José Manuel Barroso in front of the European Parliament on 'European renewal – State of the Union Address 2011', Strasbourg, 28 September 2011

Progress in strengthening the governance of the single market has been mixed to date. On the one hand, considerable advances have been made in stepping up the involvement of civil society and in better informing citizens and businesses of their single market rights. Moreover, to improve the partnership between Member States' authorities and their cooperation in implementing the single market on the ground, the Commission has tabled a proposal for an expanded use of the IMI and will present an initiative to strengthen SOLVIT.

Only little progress has been made on the other hand in improving the effective application and enforcement of single market rules. This is despite the fact that citizens and businesses alike believe this is one of the most important shortcomings of the single market today. In the Single Market Act, the Commission made concrete proposals to address these shortcomings. In line with similar calls by the European Parliament, Member States should reconsider these proposals.

The year 2012 is witnessing the 20<sup>th</sup> anniversary of the single market. The Commission plans to celebrate this anniversary with a Single Market Week across Europe. The week will be organised in October 2012. It will include events in all 27 Member States and culminate in the second annual Single Market Forum. The second Single Market Forum will maintain the political momentum created by the Single Market Act, review progress made concerning its implementation and consider future single market priorities to boost growth and strengthen confidence.

## Single Market Act - Overview and status of all actions

| Lever                        | Action  | State of Play  |
|------------------------------|---|--|
| <b>1 - Access to finance</b> | <b>Introduce legislation on venture capital funds</b>                   | <b>Commission proposal presented on 07.12.2011.</b>  |
|                              | Adopt Action Plan on SMEs Access to Finance                             | Communication adopted on 07.12.2011.   |
|                              | Revise Transparency Directive   | Commission proposal presented on 25.10.2011.   |
|                              | Revise Regulation implementing Prospectus Directive                     | Commission preparing legislative proposal for first quarter 2012.  |
|                              | Revise Market Abuse Directive   | Commission proposal presented on 20.10.2011.   |
|                              | Revise MiFID Directive  | Commission proposal presented on 20.10.2011.   |
| <b>2 - Mobility</b>          | <b>Revise system for the recognition of professional qualifications</b> | <b>Commission proposal presented on 19.12.11.</b>  |
|                              | Adopt legislation on complementary pension rights (portability)         | Commission to resume work with European Parliament and Council in 2012 on a pension portability Directive (in line with White Paper) |
|                              | Publish White Paper on pensions   | White Paper due to be published on 16.02.2012  |
|                              | Revise IORPs Directive  | Legislative proposal planned for fourth quarter 2012.  |
|                              | Create European Skills Passport   | Commission started development based on implementation study. The Passport is to be in place by the end of 2012.                     |
|                              | Adopt Council Recommendation on non-formal and informal learning        | Commission preparing proposal for Recommendation.  |

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| <b>3 - IPR</b>       | <b>Adopt legislation setting up unitary patent protection</b>                                     | <b>Commission presented legislative proposals to implement the Council's Decision authorising enhanced co-operation on 13.04.2011.</b>                           |
|                      | <b>Obtain agreement on unified patent jurisdiction</b>  | <b>Efforts by Member States will continue to reach a deal in the first half of 2012.</b>   |
|                      | Develop IPR valorisation instrument   | The Commission is gathering evidence on the issue of IPR valorisation, to see if and under which conditions an EU action on IPR valorisation could be envisaged. |
|                      | Adopt legislation on collective rights management   | Commission is preparing legislative proposal for second quarter of 2012.   |
|                      | Adopt legislation on orphan works   | Legislative proposal presented by the Commission on 24.05.2011.  |
|                      | Enhance role of Observatory on Counterfeiting and Piracy  | Legislative proposal presented by the Commission on 24.05.2011.  |
|                      | Adopt legislation to combat piracy and counterfeiting (revision of the IPR Enforcement Directive) | Legislative proposal planned for the third quarter of 2012.  |
|                      | Present a legislative proposal to amend the existing customs regulation                           | Legislative proposal presented by the Commission on 24.05.2011.  |
|                      | Modernise the European trademark system   | Legislative proposal planned for the first quarter of 2012.  |
| <b>4 - Consumers</b> | <b>Adopt legislation on alternative dispute resolution (ADR/ODR package)</b>                      | <b>Commission presented legislative proposal on 29.11.2011.</b>  |
|                      | Pursue work on European approach to collective redress  | A Commission initiative on collective redress is foreseen for 2012.  |

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|                     | Revise General Product Safety Directive   | Legislative proposal planned for 2012.   |
|                     | Draw up Action Plan on Market Surveillance  | Action Plan planned for 2012.  |
|                     | Propose initiative on environmental footprint of products   | Commission working on the methodology for product environmental foot-printing.   |
|                     | Publish Communication on Passenger rights   | Communication adopted on 19.12.2011.   |
|                     | Review of Directive on Package Travel   | Commission preparing proposal for the last quarter of 2012.  |
|                     | Ensure transparency of bank fees  | Commission preparing legislative proposal for 2012.  |
|                     | Present legislation to protect borrowers in mortgage markets  | The Commission presented a proposal for Directive on 31.03.2011.   |
| <b>5 - Services</b> | <b>Revise legislation on European standardisation system</b>  | <b>Proposal presented by Commission on 01.06.2011</b>  |
|                     | Ensure implementation of Services Directive   | Infringement cases are being pursued. Work with MS continues to improve functioning of PSCs in particular as regards cross-border use. |
|                     | Carry out performance check to test joint application on the ground of Community legislation as implemented and applied by MS in key sectors (construction, tourism, business services) | Performance checks ongoing.<br><br>The Commission is to present results and way forward in 2012.                                       |
|                     | Launch initiative to combat unfair commercial practices   | Commission Communication to be presented in 2012.  |
|                     | Set up High-level Group on Business   | Commission is preparing the launch of the  |

|                                    | Services  | HLG.  |
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| <b>6 - Networks</b>                | <b>Adopt energy infrastructure legislation</b>  | <b>Commission proposal presented on 19.10.2011.</b>   |
|                                    | <b>Adopt transport infrastructure legislation (Revise TEN-T guidelines)</b>   | <b>Commission proposal presented on 19.10.2011.</b>   |
|                                    | Adopt Decision establishing radio spectrum policy programme   | Adoption by European Parliament and Council expected shortly.   |
| <b>7 - Digital Single Market</b>   | <b>Adopt legislation on eSignature, eidentification, eAuthentication</b>  | <b>The Commission is preparing legislative proposals for the first semester of 2012.</b>  |
|                                    | Present proposals on roaming tariffs  | Report on the outcome of the functioning of the current Roaming Regulation and a new Commission proposal presented on 06.07.2011. |
|                                    | Present action plan for development of eCommerce  | Communication adopted on 11.01.2012   |
|                                    | Present guidance to Member States on identifying unjustified consumer discrimination on basis of nationality / country of residence | Commission is preparing guidance.   |
|                                    | Revise Directive on Public Sector Information   | Legislative proposal presented by the Commission on 12.12.2011.   |
| <b>8 - Social entrepreneurship</b> | <b>Adopt legislation facilitating development of social investment funds</b>  | <b>The Commission presented its legislative proposal on 07.12.2011.</b>   |
|                                    | Introduce legislation establishing European Foundation Statute  | The Commission presented its legislative proposal on 08.02.2012.  |
|                                    | Launch a Social Business Initiative   | Communication adopted on 25.10.2011   |

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|                                  | Adopt a Communication on CSR   | Communication adopted on 25.10.2011   |
|                                  | Measure on non-financial reporting by companies  | Commission is preparing legislative proposal.   |
| <b>9 - Taxation</b>              | <b><i>Review Energy Tax Directive</i></b>  | <b><i>Commission presented proposal on 13.04.2011.</i></b>  |
|                                  | Introduce CCCTB  | Legislative proposal presented by Commission on 16.03.2011  |
|                                  | Identify elements of VAT Strategy  | Communication adopted on 06.12.2011   |
|                                  | Resolve cross-border taxation problems for citizens  | Communication adopted on 20.12.2010. Follow-up initiatives adopted in 2011 to address double taxation (Communication on 11 November) and cross-border inheritance tax problems (Communication and Recommendation on 15 December). |
| <b>10 - Social cohesion</b>      | <b><i>Introduce legislation on implementation of Posting of Workers Directive</i></b>  | <b><i>Commission is preparing legislative proposal.</i></b>   |
|                                  | <b><i>Introduce legislation clarifying exercise of freedom of establishment/services alongside fundamental social rights</i></b> | <b><i>Commission is preparing legislative proposal.</i></b>   |
|                                  | Revise post-Altmark package  | Legislative package presented by the Commission on 20.12.11.  |
|                                  | Present Communication on SGEIs   | Legislative package presented by the Commission on 20.12.11.  |
|                                  | Present initiative on access to basic payment account  | Commission adopted a Recommendation on 18.07.2011.  |
| <b>11 - Business environment</b> | <b><i>Adopt legislation simplifying Accounting Directives</i></b>  | <b><i>Commission presented legislative proposal on 25.10.2011.</i></b>  |

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|                         | Adopt Directive to simplify the financial reporting obligations of specifically micro-entities | Proposal presented by the Commission on 26.02.2009.                 |
|                         | Adopt European Private Company Statute   | Proposal presented by the Commission on 25.06.2008.                 |
|                         | Introduce optional European contract law instrument  | The Commission presented a legislative proposal on 11.10.2011.      |
|                         | Adopt Regulation to simplify cross-border recovery of debt                                     | The Commission presented a legislative proposal on 20.07.2011.      |
| <b>12 - Procurement</b> | <b>Revise Procurement Directives</b>   | <b>Legislative package presented by the Commission on 20.12.11.</b> |
|                         | Introduce (amending) directive on the award of concession contracts                            | Legislative package presented by the Commission on 20.12.11.        |
|                         | Introduce legislation on procurement with third countries                                      | Commission preparing legislative proposal.                          |