European Sources Online

Information Guide

Single Market

A guide to the European Union's Single Market, with hyperlinks to sources of information within European Sources Online and on external websites

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Introduction

> This year marks the 20th anniversary of the Single Market. A lot has been achieved: from 1992 to 2008 the Single Market has generated an extra 2.77 million jobs in the EU and an additional 2.13% in GDP. For European consumers the Single Market means more choice at lower prices - a 70% reduction in mobile phone costs is but one example. For citizens, the Single Market has given them the capacity to travel freely, to settle and work where they wish. For young people it has opened up the opportunity to study abroad – more than 2.5 million students have seized this opportunity in the last 25 years. For the 23 million companies in the EU the Single Market has opened access to 500 million consumers. The message is clear, the evidence is there: a strong, deep and integrated Single Market creates growth, generates jobs and offers opportunities for European citizens which were not there 20 years ago.

From: 'Single Market Act II: Together for new growth', COM(2012)573, 3 October 2012.

> [The Council:] Reiterates that urgent measures are needed at the level of EU and Member States in order to boost growth and jobs and make Europe more competitive as a location for production and investment. Recognises that deepening the Single Market by removing remaining unjustified barriers will be a key factor in order to achieve these objectives; highlights the importance of streamlining existing structures in order to increase visibility and effectiveness of the Single Market policy.

From: Council Conclusions on Single Market Policy, 2-3 December 2013.

Background

When the European Economic Community was founded with the Treaty of Rome (1957) the creation of a Common Market - 'to promote throughout the Community a harmonious development of economic activities' - was one of the declared aims. A common market - also called single market - implies a relatively high degree of economic integration between participating countries. While a free trade area means the abolition of tariffs between participants, and a customs union additionally establishes common external tariffs, a single market takes the idea of integration even further by abolishing all kinds of frontier controls at mutual, 'internal' borders.

Since it was not realistic to create a single market over night, it was decided to realise the key objectives gradually, during a transition period ending on 1 January 1970. One condition for a fully-fledged customs union, to remove all customs duties on intra-community trade, was accomplished 18 months ahead of schedule, on 1 July 1968. From then on the Community could apply common customs tariffs vis-à-vis imports from third countries (see Summaries of EU legislation). By the end of 1969 quantitative restrictions (quotas) on trade between Member States had also been abolished, with certain agricultural products being excluded until 1974.

Although important steps had also been taken in the field of free movement of employed persons - allowing nationals of one Member State to take up employment in another Member State under the same conditions as the nationals - the 'Common Market' was far from complete. The Community still remained highly fragmented into national markets due to a wide range of non-tariff-barriers of a physical, technical or fiscal nature. In addition, charges at national borders often remained in place which were not actually customs tariffs or quotas but had equal effects and were therefore contrary to the idea of the free movement of goods within a single market.

In the 1970s the common market project lost most of its momentum due to the gloomy state of the European economy, suffering from high unemployment and increasing competition from the United States and Japan. With European integration generally slowing down after its initial successes in the 1950s and 1960s the Single Market project became a victim of the wide-spread Eurosclerosis.

Legal basis

Following the entry into force of the Treaty of Lisbon on 1 December 2009, Article 3 of the Treaty on European Union (TEU) states that the EU 'shall establish an internal market'.

In the Treaty on the Functioning of the European Union (TFEU) Article 3 gives the Union exclusive competence for establishing the competition rules necessary for the Internal Market to function, and Article 4 identifies the Internal Market as one of the areas in which the Union shares competence with the Member States.

Articles 26-27 of the TFEU set out provisions on the Internal Market, with Article 26(2) defining it as:

> an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties.

Speaking on 26 May 2008 (see SPEECH/08/265), the European Commissioner for Internal Market and Services, Charlie McCreevy, said that the Treaty of Lisbon 'provides a new impetus towards the full realisation of Europe's internal market'.

The Single Market project 1988-1992

In 1985 Lord Cockfield, the Commissioner responsible for the Single Market in the new European Commission under President Jacques Delors, produced a White Paper, entitled 'Completing the Internal Market' (COM(85)310; text courtesy Archive of European Integration; see also White Paper Annex).

The Paper looked at the impact on trade of 'non-tariff' barriers, such as border controls, transport costs and technical standards, and identified some 300 measures required to remove them. The measures were intended to eliminate physical, technical and fiscal barriers to trade, and to thereby introduce the 'four freedoms' - free movement of goods, people, services and capital.

The White Paper was adopted in June 1985 at the Milan European Council. The following year the Single European Act - the first major revision of the EC Treaty - formally incorporated the concept of the Single Market (also known as the 'Single European Market' and the 'Internal Market') into the Treaty of Rome and identified 31 December 1992 as the deadline for its completion. The Single European Act also introduced qualified majority voting - rather than unanimity - for most Single Market matters (Article 95 Treaty establishing the European Community - TEC; now Article 114 TFEU), thus speeding up the legislative process when it came into force on 1 July 1987.

A further stimulus to the Single Market programme was provided in March 1988, when the Commission published the findings of a study of the 'cost of non-Europe', produced by the Italian economist Paolo Cecchini. The 12 volume Cecchini Report, 'The European Challenge 1992 - The Benefits of a Single Market' (see summary; text courtesy Archive of European Integration) showed the costs associated with not completing the Internal

Market ('costs of non-Europe') to be so great as to be unacceptable (although some observers queried how conclusions were arrived at from the evidence presented).

The undertaking of completing the Internal Market was financially supported by the adoption of the Community's first Financial Framework, the so called Delors Package I, covering the years 1988-1992.

New approach and mutual recognition

Although a long catalogue of legislative projects had been identified, the 'approximation of the laws of Member States to the extent required for the functioning of the common market' (Article 3(h) TEC) could not be used as the only way forward. Instead, a 'new approach' was agreed, harmonising legislation only in essential areas such as safety, health and the environment (the new approach was revised by Decision 768/2008/EC of 9 July 2008 'on a common framework for the marketing of products' - the New Legislative Framework).

Similarly, the creation of technical standards (standardisation and technical harmonisation; see also Summaries of EU legislation) in the relevant fields was delegated to specialised European standardisation bodies such as the European Committee for Standardisation (CEN), the European Committee for Electrotechnical Standardization (Cenelec) and the European Telecommunications Standards Institute (ETSI).

In other fields, it was agreed that the principle of mutual recognition should be followed, under which the rules of one Member State are treated as equivalent in their effect to those of another (see also Summaries of EU legislation). The principle of mutual recognition was established in 1979, when the European Court of Justice ruled in the Cassis de Dijon case [archived] that the French liqueur in question could be marketed in Germany – despite that being contrary to German legislation at the time.

The launch of the Single Market

On 1 January 1993 the Single European Market (or Internal Market) entered into force. Over 90% of legislation targeted in 1985 had been adopted, making the completion of the Internal Market one of the success stories of European integration. The main achievements were:

- the full liberalisation of capital movements (prohibition of all restrictions on the movement of capital and payments)
- the total abolition of checks on goods at internal borders
- the abolition of routine checks on people
- major progress in the practical aspects of introducing freedom of establishment and freedom to provide services.

The overall effects of the Single Market, although difficult to pin down in exact figures, were held to be:

- increased welfare (in terms of GDP)
- increased inward investment
- increased trade (intra-community and with third countries which find a 'level playing field')
- increased employment (creation of jobs)
- the advancement of the European Economic Area
- an economic road-map for the countries of Central and Eastern Europe.

Although a large amount of legislation was introduced in a relatively short time, serious shortcomings were quickly identified. Not only were there important legislative measures among the 10% which were not agreed in time, the level of transposition into national law and the implementation in the Member States was not fully satisfactory. The emphasis therefore shifted from enacting legislation to assessing the impact of the Single Market, simplifying existing rules as well monitoring their transposition and implementation in the Member States.

The four freedoms

The four freedoms mean that persons, goods, services and capital can circulate freely within the Single Market without being obstructed by national boundaries. To ensure free movement, the EU adopted the principle of non-discrimination (initially in Article 12 TEC; now Article 18 TFEU). Under this principle persons (as well as goods and services) must not be treated differently under the same circumstances on the grounds of their nationality. This principle has been consistently upheld - and advanced in its interpretation - by the European Court of Justice.

Free movement of goods

The free movement of goods is a result of the abolition of customs duties and quantitative restrictions, making controls on goods passing across borders between EU Member States redundant. This, in combination with the reduction of non-tariff barriers to trade, provides businesses operating in the Single Market with savings in terms of time and administrative resources. However, it also requires increased co-operation and exchange of information between national authorities, to ensure arrangements are made for tax- and health-related inspections, as well as for the circulation of cultural goods, drugs, waste and dangerous goods (see Summaries of EU legislation and Commission's pages on A Single Market for goods).

Free movement of persons

The free movement of persons has long been a contested issue. In the times of the Customs Union it was usually interpreted as covering employed persons only - the 'free movement of workers', established under Article 39 TEC (now Article 45 TFEU). Only gradually was it extended to the self-employed, students and retired people.

Member States had widely differing interpretations of the principle so that a true 'free movement of persons' - meaning the complete abolition of internal border controls on people - was first realised within the Schengen group, outside the framework of the European Community (see Summaries of EU legislation and Commission's pages on Living and working in the Single Market).

In its first 'Biannual report on the functioning of the Schengen area', adopted on 16 May 2012 as COM(2012)230 (see also Press Release IP/12/481) the Commission stated:

> The right to free movement of persons is a cornerstone of the European Union and the Schengen area without internal border control is one of the most valued achievements of EU integration.

Now encompassing more than 42,000 km of sea borders and over 7,000 of external land borders, the Schengen area enables some 400 million Europeans from 26 countries to enjoy passport-free travel.

On 31 May 2013, the Commission adopted the 'Third biannual report on the functioning of the Schengen area: 1 November 2012 - 30 April 2013' (COM(2013)326; see also Press Release IP/13/496).

A ‘Schengen governance package’ was adopted in October 2013, comprising Council Regulation (EU) 1053/2013 ‘establishing an evaluation and monitoring mechanism to verify the application of the Schengen acquis …’ (see also PreLex dossier) and Regulation (EU) 1051/2013 ‘amending Regulation (EC) No 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances’ (see also PreLex dossier and Press Releases PRES/13/400 and MEMO/13/536).

On 25 November 2013 the Commission adopted the Communication 'Free movement of EU citizens and their families: Five actions to make a difference' (COM(2013)837), in which it underlined the joint responsibility of Member States and the EU institutions to uphold EU citizens' rights to live and work in another EU country. The Communication set out five actions aimed at strengthening the right to free movement, while helping Member States reap its benefits (see also Press Release IP/13/1151).

Free movement of services

The free movement of services (see Summaries of EU legislation) is normally understood to encompass both the freedom to establish a business in another Member State (Article 49 TFEU) and the right to offer services in another Member State (Article 56 TFEU). Member States may impose restrictions on a number of grounds, including national security (Article 346 TFEU), and public policy, public security or public health (Article 45). The transport, banking and insurance sectors are treated separately (Article 58).

Directive 2006/123/EC ‘on services in the internal market’ (the Services Directive) was to be fully implemented in the Member States by 28 December 2009 (see also Summaries of EU legislation). Speaking in May 2007 on the future of the Single Market, Charlie McCreevy, Commissioner for Internal Market and Services, emphasised the priority the Commission attached to the Services Directive (see Speech/07/308), saying it:

> enshrines freedoms for businesses throughout Europe and proper implementation will unlock new commercial opportunities throughout the EU. So the Commission is determined to work in partnership with all Member States ... to ensure that they meet the end of 2009 deadline for implementation.

However, the deadline has still not been met by all Member States. In October 2011, the Commission referred Austria, Germany and Greece to the Court of Justice for incomplete transposition of the Directive, and the 5-6 December 2011 Competitiveness Council was told that only 24 Member States had at that time transposed it (see Press Releases IP/11/1283 and 18115/11; see also Commission’s Services Directive pages).

In its 8 June 2012 Communication 'on the implementation of the Services Directive. A partnership for new growth in services 2012-2015' (COM(2012)261 ; see also Press Release IP/12/587), the Commission stated:

> The tools which have been created ('Points of Single Contact') to support implementation of the Directive are now operational in most Member States and are helping to reduce significantly administrative burdens in this area. The measures which Member States have adopted to implement the Services Directive is bringing an additional 0.8% of EU GDP over time, with the majority of the effect materializing during the 5-10 years following implementation.
>
> It is clear, however, that service providers still face obstacles when they want to operate cross-border and, unlike in the internal market for goods, consumers are still not always able to access easily services from across the EU. Economic analysis has shown that if Member States were to abolish almost all the remaining

restrictions, the total economic gain would be more than three times what we have already achieved - about 2.6% of GDP.

The Communication therefore set out actions to be taken by Member States and the Commission to ensure that the Directive 'has the greatest possible impact.' Those actions will be monitored using measures aimed at improving governance of the Single Market (i.e. the way its rules are designed, implemented, applied and enforced) - as presented in the Communication 'Better governance for the Single Market' (COM(2012)259) also adopted on 8 June 2012.

Free movement of capital

The free movement of capital is intended to facilitate and encourage the free movement of persons, goods and services. Council Directive 88/361/EEC abolished all restrictions on capital movements (investments) and payments (for goods or services) from 1 July 1990 (see also Summaries of EU legislation and Commission Free movement of capital pages).

The legislation covers the movement of capital between Member States and third countries, making this the only one of the four freedoms that extends beyond the boundaries of the Internal Market.

Administering and completing the Single Market

Assessing the impact of the Single Market

Soon after the official launch of the Single Market the problems of enforcing and administering it were examined by a High Level Group, chaired by former Commissioner Peter Sutherland. In October 1993 'The Internal Market after 1992: meeting the challenge' (the Sutherland Report; text courtesy Archive of European Integration) was circulated - though never officially published.

In 1996 the European Commission co-published a 38 volume study on the progress and the impact of the Single Market project on a wide range of sectors, regions and obstacles (extracts are available online: The Single Market Review Series: Executive summaries of individual studies). Building on these findings the Commission presented in October 1996 the Communication 'The impact and effectiveness of the Single market' (COM(96)520; text courtesy Archive of European Integration), drawing a positive picture of the Single Market but spelling out 'what is required in terms of a renewed commitment to the Single Market' at both the national and the Community level.

SLIM and Better Regulation

The SLIM initiative (Simpler Legislation for the Internal Market) was proposed in March 1996 (see Press Release IP/96/266) and introduced in May with the aim of reducing unnecessary legislative demands on businesses. The first phase of SLIM targeted legislation in four areas: trade statistics, construction products, recognition of diplomas, and ornamental plants. The initiative was judged to be a success (Press Release IP/97/1034) and SLIM went on to examine legislation in 14 areas.

A February 2000 review of SLIM (COM(2000)104) identified 15 Key Action points for improving the process (see also Press Release IP/00/224). The fifth and last round of SLIM was launched in May 2001 and examined legislation concerning shipment of radioactive waste, levels of pesticide residues in fruit and vegetables, cosmetics (see Press Release IP/01/637).

On 5 December 2001, the Commission adopted the Communication 'Simplifying and improving the regulatory environment' (COM(2001)726; see also Press Release IP/01/1762). The introduction to the Communication stated:

> The Edinburgh European Council of December 1992 made the task of simplifying and improving the regulatory environment one of the Community's main priorities.
>
> Nine years on, it has to be said that the results still fall short of the objectives, due to the complexity of the task and the lack of real political support. As a result, most of the work still remains to be done.

The Commission also noted that the Lisbon, Stockholm and Göteborg European Councils had agreed that a strategy for further coordinated action to simplify the regulatory environment should be agreed by the end of 2001.

In that context, COM(2001)726 proposed reducing existing Community legislation by at least 25% by January 2005 (the end of its term of office) and committed itself to presenting a detailed action plan for simplifying and improving the regulatory environment in June 2002.

Following the 14 November 2006 Communication 'A strategic review of Better Regulation in the European Union (COM(2006)689; see also Better Regulation website), the Commission launched the Action Programme for Reducing Administrative Burdens in the EU in January 2007. With the aim of reducing administrative burdens by 25% by 2012, the Action Programme was endorsed by the March 2007 European Council, which also invited Member States to set their own national targets by 2008.

The Commission's 'Third strategic review of Better Regulation in the European Union' (COM(2009)15), dated 28 January 2009, concluded:

> The European Union and its Member States face important challenges in addressing the current economic and financial situation. Better regulation must remain an essential part of our response – regulating where there is a need to do so, in a manner which is as straightforward as possible, based on dialogue with stakeholders, and in a way that keeps burdens on businesses and citizens to the minimum necessary. The experience with better regulation over the last four years provides a good basis on which to confront new challenges. The Commission has identified next steps which require continued efforts and the on-going political support of the other European institutions, the Member States, local and regional authorities, and stakeholders.

Also on 28 January 2009, the Commission adopted its 'Third progress report on the strategy for simplifying the regulatory environment' (COM(2009)17 and Annex). Complementing the 'Third strategic review', the progress report noted in its Conclusion that:

> Simplification is a continuous process. The snapshot provided by the screening of the acquis prepares the ground for future work. A programme which started with a limited number of dispersed initiatives now covers all policy areas and is taking an increasingly sectoral approach. This means examining the entire body of legislation that affects a given policy area to identify overlaps, gaps, inconsistencies and excessive regulatory burdens. The aim is to assess the overall effectiveness of the regulatory framework sector by sector.

Commission Recommendation 2009/524/EC of 29 June 2009 'on measures to improve the functioning of the single market' set out practical measures to improve the functioning of the Single Market at national, regional and local levels (see also Press Release IP/09/1051).

In its 22 October 2009 Communication 'Action Programme for Reducing Administrative Burdens in the EU: Sectoral Reduction Plans and 2009 Actions' (COM(2009)544), the Commission pledged to ensure that obsolete requirements are identified and those introduced by new policies are kept to a minimum. At the same time, the Commission gave details of progress towards the 2012 target date for a 25% reduction in administrative costs for businesses imposed by EU legislation (see Press Releases IP/09/1562, MEMO/09/474). On 7 December 2010, the Commission reported that its efforts to cut unnecessary administrative burdens were progressing well, and that it had tabled proposals for exceeding the 25% target (see Press Releases IP/10/1670, MEMO/10/654).

On 8 October 2010, the Commission adopted the Communication 'Smart Regulation in the European Union' (COM(2010)543), in which it outlined measures intended:

> to ensure the quality of regulation throughout the policy cycle, from the design of policy to its evaluation and revision. By stepping up a gear, smart regulation can help to achieve the ambitious objectives for smart, sustainable and inclusive growth set out by the Europe 2020 Strategy.

The report 'Minimizing regulatory burden for SMEs: Adapting EU regulation to the needs of micro-enterprises' was adopted on 23 November 2011 as COM(2011)803 (see also Press Release IP/11/1386). In it, the Commission set out how it intends to:

> strengthen the use of exemptions or specific, lighter legislative regimes for SMEs or micro companies.

On 21 February 2012, the Commission received the report 'Europe can do more', compiled by the High Level Group of Independent Stakeholders on Administrative Burdens (the Stoiber Group; see Press Releases MEMO/12/116 and IP/12/146 and Report page). Subtitled 'Report on best practice in Member States to implement EU legislation in the least burdensome way', the 75-page report concluded:

> Europe can indeed do better. With this report the HLG has demonstrated that a whole range of tools have been used by those Member States that succeeded in coming up with superior ways of transposing EU legislation into national regulation. Lessons can and should be learned from these examples in all Member States. In the HLG's view it is essential that this is not the end of the road, but that the change of culture evidenced by these best practice examples stabilises and gains further momentum - within public administrations through the tenacious efforts of dedicated civil servants, on the political level by the necessary political commitment, and with the support of stakeholders and end-users who know from experience how specific ways of regulating affect their daily lives.

In its 12 December 2012 Communication 'EU Regulatory Fitness' (COM(2012)746; see also Press Release IP/12/1349), the Commission announced that it would launch a Regulatory Fitness and Performance Programme (REFIT):

> REFIT will identify burdens, inconsistencies, gaps and ineffective measures. Attention will be paid to possible regulatory burden related to how EU legislation is implemented at the national and sub-national level. Through REFIT, the Commission will identify, assess, adopt, and monitor implementation of, initiatives which will result in significant regulatory cost reduction or simplification.

On 7 March 2013, the Commission revealed a list of the 'top 10 most burdensome EU laws' identified by SMEs and business organisations (see Press Release IP/13/188). The 10 issues identified were:

- REACH chemical legislation
- value added tax
- product safety
- recognition of professional qualifications
- data protection
- waste legislation
- labour market related legislation
- recording equipment for road transport
- public procurement
- modernised customs code

In its 29 May 2013 Conclusions on Smart Regulation, the Council agreed:

> that in the light of the challenges facing the European economy, the current focus of Smart Regulation should be on what boosts competitiveness and opportunities for jobs, especially in the smallest enterprises, and therefore what contributes to strong, smart, sustainable and inclusive growth across the Single Market, and that progress must be quick, concrete and transparent.

Ministers also called on the Commission 'to ensure swift and effective implementation of the REFIT Programme'.

REFIT was specifically addressed in the Conclusions on Smart Regulation adopted following the Council meeting of 2-3 December 2013, which also re-emphasised:

> that regulation at Union level is necessary in order to ensure that EU policy goals, including the proper functioning of the Single Market, are attained. Therefore, and especially in the light of the challenges being faced by the European economy, there is a need to ensure that EU regulation is transparent, simple and is achieved at minimum cost, while fostering competitiveness and job creation, and always taking into account proper protection of consumers, health, the environment and employees.

Monitoring transposition and implementation

As early as 1994 the Economic and Social Committee set up its Single Market Observatory to monitor developments in the Single Market and give opinions. Its PRISM database (Progress Report on Initiatives in the Single Market) provided information on voluntary initiatives from such actors as socio-professional organisations, regional and local administrations in the Internal Market. It was re-launched in 2007 as the Self- and Co-Regulation website (described as 'the first interactive catalogue of co-regulation and self regulation initiatives in Europe').

In November 1997 the European Commission published the first Single Market Scoreboard, monitoring the progress of Member States in implementing relevant legislation. The Scoreboard, since 2001 called the Internal Market Scoreboard is published every six months. Despite occasional lapses, the rate of transposing Single Market Directives into national law has substantially improved in most Member States since the scoreboard was introduced. Since 2001, successive European Councils have set a 1.5% deficit target, meaning that Member States have had some leeway, rather than being expected to achieve 100% implementation. However, because timely and correct transposition is a legal obligation, the ultimate goal is to have full implementation (0%

deficit). In March 2007, EU leaders agreed a new interim target of 1% average deficit, to be achieved by the end of 2009.

With an average 1.2% score, the February 2007 scoreboard showed, for the first time, that the average deficit for implementing adopted Directives was lower than the 2001 target of 1.5%. Denmark and Lithuania were particularly praised for their progress in helping achieve the result - though Greece and Portugal were highlighted as poor performers (see Press Release IP/07/126). The July 2007 Scoreboard showed that the average deficit had risen to 1.6%, though the Commission was optimistic and pointed out that nine Member States had already reached the new 1% target (see Press Release IP/07/991).

In February 2008, the Internal Market Scoreboard showed that, on average, just 1.2% of Directives for which the implementation deadline had passed were not written into national law - a result as good as the best previously achieved in December 2006 and which put Member States on track to achieve the new 1% target by 2009. The Commission did, however, note that Member States were still not applying legislation correctly (see Press Release IP/08/235).

On the basis of the July 2008 Scoreboard, the Commission announced that Member States had achieved their best performance in implementing Internal Market legislation.

In February 2009, the Commission expressed concern that, despite maintaining a high rate of implementation, there were too many cases of the law not being properly applied (Press Release IP/09/297). The July 2009 Scoreboard highlighted Denmark and Malta as the countries best at implementing EU legislation, with Greece and Poland being the worst performers (Press Release IP/09/1149).

According to the Commission's March 2010 Scoreboard, Member States had never performed better in implementing Directives on time, but still needed to improve the application of the rules (Press Release IP/10/211). The September 2010 Scoreboard showed Member States still performing well in implementing legislation, but that the impetus of recent years had been lost (Press Release IP/10/1166).

Malta was described as the 'star performer' in the March 2011 Scoreboard, which again showed Member States generally performing well, with Greece, Luxembourg and Portugal all having notably reduced their backlogs (Press Release IP/11/329).

However, the September 2011 Scoreboard showed that 16 of the 27 Member States had missed the maximum 1% transposition deficit target, with the average rising from 0.9% to 1.2% of Internal Market Directives not being implemented (Press Release IP/11/1130).

The February 2012 Scoreboard was incorporated into the Commission's 27 February 2012 report Making the Single Market deliver: Annual governance check-up 2011. It showed that the EU average transposition deficit remained at 1.2%.

According to the October 2012 Scoreboard (see Press Release IP/12/1080), 16 Member States had achieved the 1% target, but that:

> After the increase recorded in May and November 2011 (1.2%), the European average transposition deficit – the percentage of Internal Market Directives that have not been written into national law in time – is now back to 0.9%, i.e. below the target agreed by the European Heads of State and Government in 2007.

The 19 February 2013 Internal Market Scoreboard showed that Member States had achieved their best ever performance in transposing EU legislation, with the average transposition deficit at 0.6% (see Press Release IP/13/127).

4 July 2013 saw the launch of the Single Market Scoreboard in a new, online-only format. According to Press Release IP/13/651, the new version offers a 'more comprehensive and user-friendly reporting system' (an archive of earlier reports is available at the DG Internal Market & Services Internal Market Scoreboard page).

The Commission maintains a Timetable for implementing EU law nationally (see also Summaries of EU legislation). However, statistics about transposition stop short of assessing whether Single Market regulation has actually been adequately transposed and is then enforced in the Member States. If the European Commission - following a complaint of a private individual, a company or a Member State - finds that a national piece of legislation does not conform to the requirements of the EU Directive it can launch infringement proceedings against the Member State in question (Article 258 TFEU).

Details of pending infringement proceedings (relating to all Community Directives) can be found on the Commission Secretariat-General's website Monitoring the application of Community law.

As an alternative to legal proceedings whenever Internal Market legislation is wrongly applied, the European Commission launched an on-line problem solving network called SOLVIT which consumer and businesses can turn to (see also Summaries of EU legislation) [archived].

Governance

On 27 February 2012, the Commission issued the report Making the Single Market deliver: Annual governance check-up 2011 (see also Press Release IP/12/187). The report stated:

> Traditionally, a great deal of information has been published on the individual aspects and subjects that together make up the Single Market. However, with the Single Market Act, the Commission has put forward an action plan that addresses issues in a truly cross-cutting manner.
>
> In this spirit, this document presents an integrated view of the results achieved and input received at all stages of the Single Market governance cycle. It covers the work carried out by Member States and within Member States to implement the Single Market. It is the first of its kind and is rather like a fitness check: it examines the state of all important functions of the organism, it follows up on known weaknesses, it gives early warning of possibly harmful tendencies and it provides an opportunity to recommend how overall fitness can be improved.
>
> And what is the diagnosis?
>
> You will see that in many areas, great progress has been achieved. However, the Single Market is still not performing to its full potential and there is work to do.

The 1-2 March 2012 European Council noted that efforts aimed at strengthening the governance of the Single Market and improving its implementation and enforcement would continue (see Presidency Conclusions).

Measures aimed at improving governance cycle were set out by the Commission its 8 June 2012 Communication 'Better governance for the Single Market' (COM(2012)259), which stated:

> The Single Market is the EU engine for growth, but also a benchmark for commitment to structural reform in Member States. In addition to a renewed push for reform at EU level, ensuring it delivers fully requires a change of approach in its governance. This means reinstating political oversight at the highest level, eschewing any artificial distinctions between what takes place at EU level and what takes place at Member State level and developing more efficient tools to ensure the Single Market delivers for citizens and businesses.

(See also European Parliament Library Briefing Improving governance of the Single Market 31 January 2013).

Action Plans and Internal Market Strategy

Following its 1996 Communication on 'The impact and effectiveness of the Single market' (COM(96)520; text courtesy Archive of European Integration) the European Commission on 4 June 1997 presented an 'Action Plan for the Single Market' (CSE(97)1; see also Summaries of EU legislation) [archived], which aimed at improving the functioning of the Internal Market in the run-up to the launch of the Euro. The Action Plan, which was endorsed by the Amsterdam European Council in mid-June 1997, identified four strategic targets, for which specific actions were to be undertaken by 1 January 1999:

- making the rules more effective
- dealing with key market distortions
- removing sectoral obstacles to market integration
- delivering a single market for the benefit of all citizens.

In 1999 the Commission presented its vision for the Internal market for the following five years, 2000-2004, in the Communication 'The Strategy for Europe's Internal Market' (COM(99)464; courtesy Archive of European Integration). After a short but intensive debate across the institutions, which also involved a hearing of other interested parties, the Strategy was published under the same title, but bearing the number COM(99)624 (see also Summaries of EU legislation [archived]). It focused on four strategic objectives:

- to improve the quality of life of citizens ('citizens')
- to enhance the efficiency of Community product and capital markets ('markets')
- to improve the business environment ('business')
- to exploit the achievements of the Internal Market in a changing world ('external').

Annual reviews of the strategy were undertaken in:

- May 2000: '2000 Review of the Internal Market Strategy' (COM(2000)257)
- April 2001: 'Working Together to Maintain Momentum' (COM(2001)198)
- April 2002: 'Delivering the Promise' (COM(2002)171)

A cut in the number of Council configurations - approved at the Seville European Council in June 2002 - resulted in Single Market issues becoming part of a Competitiveness Council (Internal Market, Industry and Research Council; now with 'space' added to its remit).

Instead of presenting a further annual review the European Commission in May 2003 tabled a new 'Internal Market Strategy. Priorities 2003-2006' (COM(2003)238). In a move to streamline economic and employment policy instruments, this three-year cycle was planned to coincide with those of the Broad Economic Policy Guidelines (BEPG) and the Employment Guidelines (EG). The Commission also justified the launch of a new strategy with the need to respond to the challenges posed by enlargement, the Lisbon Strategy and the global economic slowdown (see also: Press Release MEMO/03/100 and Summaries of EU legislation [archived].)

The first 'Report on the implementation of the Internal Market Strategy (2003-2006)', published as COM(2004)22, called for urgent action on two issues: tackling proposals for legislation which had become 'bogged down' in the system, such as the Community Patent and the Directive on recognition of professional qualifications; and developing and implementing the concept of 'better governance', with Member States needing to work together on issues such as cross-border problems and transposition of EU legislation.

The 'Second Implementation Report of the Internal Market Strategy 2003-2006' (COM(2005)11) noted the need for a stronger focus on four core strands of the Strategy:

- completing the legal framework
- taking better care of the existing framework
- ensuring greater coherence and synergy with other Community policies
- ensuring the Internal Market legal framework is better attuned to the global economic framework.

'A Single Market for citizens: Interim report to the 2007 Spring European Council' was published in February 2007 as COM(2007)60. It reviewed the achievements of the Single Market over the previous 20 years and proposed how further benefits for both citizens and businesses could be delivered across five areas: citizens and consumers, the economy, a knowledge society, regulation, and sustainability.

In response, the March 2007 European Council invited the Commission 'to submit an ambitious and comprehensive review of the Single Market as early as possible in the second half of 2007', paying particular attention to stimulating the potential of SMEs, including in the cultural and creative sectors, in view of their role as drivers of growth, job creation and innovation.

Consequently, on 20 November 2007, the Commission set out a package of initiatives to modernise the Single Market and build on its success (Press Release IP/07/1728). The Communication 'A single market for 21st century Europe' (COM(2007)724; also referred to as the Single Market Review) aimed to translate the vision of the February 2007 review into action, by repositioning the Single Market to respond to new challenges - globalisation, the rapid pace of innovation and change, and evolving social and environmental realities. The Single Market Review also emphasised the need for a renewed partnership between the Commission and the Member States so as to realise the full potential of the Single Market.

Speaking on 29 January 2008, the European Commissioner for Internal Market and Services, Charlie McCreevy, said (see SPEECH/08/49):

> The Single Market is not and never will be complete because the circumstances in which it operates keep on evolving. As compared to mid 1980s, we now live in a much larger economy - both given enlargement and the processes of globalisation. We also now live in an economy which has made a clear shift from manufacturing to services, with the latter accounting for 70% of the EU's GDP and 96% of new jobs being created right now in the EU.

The March 2008 European Council agreed a series of priority measures to:

> further improve the functioning of the Single Market so as to allow business, in particular SMEs, and consumers to make full use of its potential.

On 16 December 2008, the Commission adopted a Staff Working Document 'The Single Market Review: one year on' (SEC(2008)3064). In an associated speech, Commissioner McCreevy highlighted some of the consumer-focused Single Market initiatives, including retail financial services and consumer rights and redress (see SPEECH/08/610; see also Press Release IP/08/2000).

A new strategy for the Single Market

In October 2009, Mario Monti, former Commissioner for the Internal Market, was invited to prepare a report containing options and recommendations for an initiative to re-launch the Single Market as a key strategic objective of the new Commission. His report, A new strategy for the Single Market, was submitted to the Commission on 10 May 2010. It stated, amongst other things, that:

> Many policies traditionally not regarded as policies for the single market have to be integrated into a single market strategic objective. The comprehensive approach consists of three broad sets of initiatives:
>
> 1. Initiatives to build a stronger single market;
> 2. Initiatives to build consensus on a stronger single market;
> 3. Initiatives to deliver a stronger single market.

Meeting on 16 February 2010, Economic and Financial Affairs Ministers adopted Conclusions 'on deepening of the single market', which noted the important contribution of the Single Market programme to the EU, but stated:

> the Council holds the view that its potential has not been fully exploited and considers that the further deepening of the Single Market should be one key element of the EU's forward looking strategy.

In October 2010, the European Commission issued two Communications concerning the Single Market:

In 'Towards a Single Market Act: For a highly competitive social market economy: 50 proposals for improving our work, business and exchanges with one another' (COM(2010)608), the Commission identified key priorities to be addressed by the proposed Single Market Act: capital for SMEs, social business and long term investment, online commerce for consumers, professional qualifications for workers (see also Press Releases IP/10/1390 and MEMO/10/528).

Meanwhile, the report 'On progress towards effective EU Citizenship 2007-2010' (COM(2010)602; referred to as the 'EU Citizenship Report') proposed measures to make it easier for EU citizens to exercise their rights to 'get married, buy a house or register a car in another EU country' (see also Press Releases IP/10/1390 and MEMO/10/525).

Intended to re-launch the Single Market for 2012, the Communication 'Single Market Act: Twelve levers to boost growth and strengthen confidence: Working together to create new growth' was adopted by the Commission on 13 April 2011 as COM(2011)206. It identified 12 'levers' for boosting growth and enhancing citizens' confidence in the Single Market:

1. Access to finance for SMEs
2. Worker mobility in the Single Market
3. Intellectual property rights

4. Consumers: Single Market players
5. Services: strengthening standardisation
6. Stronger European networks
7. Digital Single Market
8. Social entrepreneurship
9. Taxation
10. More social cohesion in the Single Market
11. Regulatory environment for business
12. Public procurement

The Communication was accompanied by the Working Document SEC(2011)467, giving an overview of responses to the public consultation launched by COM(2010)608 (see also Press Releases IP/11/469, MEMO/11/239 and SPEECH/11/263).

In its Conclusions of 12 July 2011 on the SMA, the Council called for priority measures to be adopted by the end of 2012 in order to bring new impetus to the Single Market. The Council also invited the Commission to keep it fully informed about relevant initiatives and to submit an annual progress report on implementation the SMA.

On 15 February 2012, the Commission issued the Staff Working Document 'Delivering the Single Market Act: State of Play' (SWD(2012)21; see also Press Releases IP/12/187 and MEMO/12/136). The report showed:

> 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 20th anniversary of the single market at the end of 2012.

In its 3 October 2012 Communication 'Single Market Act II: Together for new growth' (COM(2012)573), the Commission described the SEM as 'a continuous exercise', which must respond to:

> a constantly changing world where social and demographic challenges, new technology and imperatives, and pressure on natural resources and climate change must be incorporated into policy thinking.

Noting that, since the first Single Market Act (SMA I) was adopted in April 2011, proposals had been presented for all 12 key actions and for 36 of its 50 complementary actions, the SMA II Communication identified four areas on which action should be focused:

1. Developing fully integrated networks in the Single Market;
2. Fostering mobility of citizens and businesses across borders;
3. Supporting the digital economy across Europe;
4. Strengthening social entrepreneurship, cohesion and consumer confidence.

Small Business Act

Adopted on 25 June 2008, the 'Small Business Act for Europe (SBA) reflects the recognition of the central role of SMEs in the EU economy. For the first time, the SBA provides a comprehensive SME policy framework for the EU and its Member States. Published as 'Think Small First: A 'Small Business Act for Europe' (COM(2008)394), the SBA applies to all independent companies with less than 250 employees (i.e. 99% of all EU businesses).

Announcing the initiative (see Press Release IP/08/1003), Commission President José Manuel Barroso said:

> Today's Small Business Act is a step towards a Europe of entrepreneurs, with less red tape and more red carpet for Europe's 23 million SMEs. It aims to help small businesses to thrive and to give the best ones a launch pad to grow into world beaters. The Small Business Act is a crucial milestone in the implementation of the Lisbon Strategy for Growth and Jobs. It will mean more responsive public administrations, less late payment of invoices, access to more help with finance, innovation and training, lower VAT for services supplied locally and better access to public procurement contracts. The package will also give SMEs access to a European Private Company Statute to cut bureaucracy and increase clarity.

In December 2009, the Commission adopted a 'Report on the implementation of the SBA' (COM(2009)680) summarising progress achieved in 2009 and concluding that:

> it remains of utmost importance to continue to vigorously implement the SBA Action Plan at all levels and not to lose sight of the longer-term perspective to create a world-class environment for SMEs ...

A 'Review of the Small Business Act for Europe' was adopted on 23 February 2011 (COM(2011)78; see also Press Releases IP/11/218, MEMO/11/109, MEMO/11/110 and the Commission's SBA page [archived].) The Review:

> presents an overview of progress made in the first two years of the SBA, sets out new actions to respond to challenges resulting from the economic crisis reported by stakeholders, and proposes ways to improve the uptake and implementation of the SBA with a clear role for stakeholders, with business organizations at the front-line.

In the context of the Small Business Act, the Commission published a proposal for a Directive on combating late payment in commercial transactions in April 2009 (COM(2009)126; see also Press Release IP/09/552). The resulting Directive 2011/7/EU was published in the Official Journal on 23 February 2011. It repeals Directive 2000/35/EC, with the aim of making it easier for companies, especially SMEs, to get paid and to claim compensation if payment is late.

Launched in 2008, the SME Performance Review (SPR) offers a comprehensive source of information on the performance of SMEs in Europe as an aid to policy-making. The SPR follows the 10 principles of the SBA: Entrepreneurship, Second Chance, Think Small First, Responsive Administration, Finance, Public Procurement and State Aid, Single Market, Skills and Innovation, Environment and Internationalisation.

The report for 2009, European SMEs under Pressure [archived], showed that the 2008 economic crisis effectively halted the role of SMEs in creating jobs (see also Press Release IP/10/723 and SME Performance Review [archived] website).

According to the report for 2010/2011 Are EU SMEs recovering from the crisis? [archived], SMEs were still feeling the effects of the financial and economic crisis in 2010, although their numbers had stabilised, with micro enterprises generally standing up well to the adverse economic conditions (see also Press Release IP/11/1149).

The SBA was also concerned with start-up procedures. Figures from the European Commission show that average time and cost to start up a private limited company have been falling: in 2011, the average time taken was six and a half days, and the cost was €397; in 2010 the average time was seven days and the cost was €399; in 2009 the figures were eight days and €417; in 2007 they were 12 days and €485 (see Simplification of start-up procedures [archived] page).

On 31 May 2011, the Competitiveness Council adopted Conclusions on the review of the SBA, in which Member States were encouraged to cut the start-up time to three working days and the cost to €100 by 2012.

According to the November 2011 report Do SMEs create more and better jobs? [archived] in the period 2002-2010, 85% of new jobs in the EU were created by SMEs (see also Press Releases IP/12/20 and MEMO/12/11 and the SME Performance Review page [archived]).

The new rules on VAT envisaged in the SBA entered into force on 1 January 2013 (see Press Release IP/12/1377). Companies stand to benefit from being able to choose either paper or electronic invoicing, and from an option for Member States to allow cash accounting for businesses with a turnover of less than €2 million a year.

Flanking policies

In order for the Single Market to be a success, measures have had to be taken in a number of related policy fields:

- Competition policy

The dismantling of borders and the freedom of establishment meant that an efficient competition policy at the European level had to be put in place to counteract market distortions through abuse of dominant position, price fixing and State aid (see ESO Information Guide Competition Policy).

- Consumer policy

EU consumer policy aims to ensure that not only businesses, but consumers benefit from the Single Market (see the ESO Information Guide Consumer Policy). According to the Commission's 2001 Green Paper on EU consumer protection, the goal is to establish a system of regulation that:

  - achieves as high as possible a level of consumer protection whilst also keeping costs to business to a minimum;
  - is as simple as possible and is sufficiently flexible to respond quickly to the market, and which involves stakeholders as much as possible;
  - provides legal certainty and ensures its efficient and effective enforcement, especially in cross-border cases.

In December 2013, a report from the European Consumer Centre Network (ECC-Net) highlighted discriminatory practices in cross-border shopping, with consumers still facing difficulties when buying services from other Member States (see Enhanced Consumer Protection – the Services Directive 2006/123/EC ... and Press Release IP/13/1191).

- Social policy

Similarly, it was feared that without a proper social policy, employees could lose out in the Single Market. A Charter of Fundamental Social Rights (the 'Social Charter') was adopted in December 1989 to reflect the social dimension of the Single Market (see Summaries of EU legislation and the ESO Information Guide Employment and Labour Market Policy).

The Charter of Fundamental Rights of the European Union became legally binding when the Treaty of Lisbon entered into force on 1 December 2009. On 30 March 2010, the text of the Charter was published in the Official Journal as 2010/C 83/02.

- Structural policy

Although the launch of the Single Market was generally expected to contribute positively to the European economy, concerns were expressed that the weaker regions – those going through a phase of industrial or agricultural decline or peripheral regions – would not benefit from the Single Market to the same extent as other regions. A 'structural policy' (also called 'cohesion policy' and 'regional policy') was developed to counteract regional disparities by safeguarding and creating jobs and investment in disadvantaged regions (see Summaries of EU legislation and ESO Information Guide Structural Policy).

- Environment policy.

In the context of creating the internal market, Article 3(3) of the Treaty on European Union states that the EU:

> shall work for the sustainable development of Europe based on ... a high level of protection and improvement of the quality of the environment.

The Commission's Environment and Internal Market strategy dates from 2001 and is currently being reviewed (see the ESO Information Guide Environment Policy).

Agencies facilitating the operation of the Internal Market

There are seven Community agencies which exercise regulatory functions and render services to industrial sectors, enabling them to get income and thus guarantees their own resources. Such agencies are:

- Office for Harmonisation in the Internal Market, Alicante, Spain
- Community Plant Variety Office, Angers, France
- European Medicines Agency, London, UK
- European Aviation Safety Agency, Cologne, Germany
- European Food Safety Authority, Parma, Italy
- European Maritime Safety Agency, Lisbon, Portugal
- European Network and Information Security Agency, Heraklion, Greece
- European Railway Agency, Lille/Valenciennes, France.

Other initiatives

Besides the SOLVIT network, the Single Market programme also spawned the Euro Info Centre network (now the Enterprise Europe Network), which was established by the Commission to help businesses understand - and where possible benefit from - the changes taking place.

With the aim of helping more EU SMEs profit from the fast growing markets in Asia, the Commission announced in September 2011 that the EEN was opening new contact points in Japan and doubling its presence in China (see Press Release IP/11/1072).

A European Company Statute (SE) was created under Council Regulation 2157/2001 of 8 October 2001. It gives companies operating in more than one Member State the option of reorganising their cross-border business under one European label, enabling them to work within a stable legal framework, reduce costs and be more competitive in the Internal Market. A public consultation on the Statute was launched by the Commission in March 2010 (Press Releases IP/10/338, MEMO/10/97) and in November 2010 the Commission presented a report on the application of the SE Regulation (COM(2010)676; see also Press Releases IP/10/1531 and MEMO/10/592).

In December 2001, the post of SME Envoy was created to help ensure that the interests of smaller businesses are taken into account during the development of EU policy and legislation. A Network of SME Envoys was created in 2011, following a review of the SBA, with national SME Envoys being responsible for promoting the interests of SMEs within their own countries and liaising with the Commission and national policy-makers.

In March 2005 the European Commission launched the Your Europe portal, which provides practical information to citizens and businesses on their rights and opportunities in the Internal Market. The Business section of the site was re-launched in March 2009 (see Press release IP/09/481). The Communication 'Empowering businesses and citizens in Europe's single market: An Action Plan for boosting Your Europe in cooperation with the Member States' (COM(2013)636) was adopted on 17 September 2013. The Action Plan:

- set out the Commission's plans to further bolster, develop and promote Your Europe as a gateway to all the information and help businesses and individuals need to make use of their EU rights in the single market

- called on Member States to provide practical information on the way EU rights apply in practice, and set out concrete proposals to ensure that such information is within easy reach of citizens and businesses across Europe. It also called on Member States to ensure that information offered through Your Europe is easily accessible via national governmental portals

The first European SME Week took place from 6-14 May 2009, with the aim of promoting entrepreneurship across Europe, by informing, supporting, inspiring and encouraging small businesses. The European SME Week 2012 will take place from 15-21 October (see SME Week website).

On 26 February 2009, the Commission adopted a proposal for a Directive 'amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities' with the aim of freeing micro-businesses from financial reporting obligations (COM(2009)83; Press Releases IP/09/328 and MEMO/09/84). Directive 2012/6/EU was subsequently adopted on 14 March 2012.

October 2009 saw the launch of a European Network of Female Entrepreneurship Ambassadors (ENFEA), aimed at providing role models and highlight the role that women can play in creating jobs and promoting competitiveness (see Press Release IP/09/1426). In December 2010, a second – and final - phase aimed to build on efforts to encourage successful female entrepreneurs to help inspire women to set up their own businesses (Press Release IP/10/1675;).

15 November 2011 saw the launch of the European Network of Mentors for Women Entrepreneurs (see Press Release IP/11/1350). Intended to reinforce and complement the actions started by ENFEA, the Mentors Network:

> will provide advice and support to women entrepreneurs on the start-up, running and growth of their enterprises in the early phase of their life (from the second to the fourth year of existence of a new woman-run and owned enterprise).

On 4 November 2009, the Commission adopted the Green Paper 'The interconnection of business registers' (COM(2009)614; see also Press Release IP/09/1677) and launched a public consultation on possible ways to enhance co-operation between company registers. Subsequently, in February 2011, the Commission adopted a proposal for a Directive 'amending Directives 89/666/EEC, 2005/56/EC and 2009/101/EC as regards the interconnection of central, commercial and companies registers' (COM(2011)79; see also Press Releases IP/11/221 and MEMO/11/115). Directive 2012/17/EU was subsequently adopted on 13 June 2012.

In the context of the Multiannual Financial Framework 2014-2020, a proposal for a Regulation 'establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (2014-2020)' was adopted by the Commission on 30 November 2011 as COM(2011)834. The objectives of the new COSME Programme are to:

- facilitate access to finance for SMEs
- create an environment favourable to business creation and growth
- encourage an entrepreneurial culture in Europe
- increase the sustainable competitiveness of EU companies
- help small businesses operate outside their home countries and improve their access to markets.

COSME is intended to replace the current Competitiveness and Innovation programme (CIP). If adopted, it is expected to start in January 2014, with a budget of €2.5 billion for 2014-2020 (see also Press Releases IP/11/1476 and MEMO/11/852 and COSME pages).

COSME was approved by the Council on 5 December 2012 (see Press Release 17443/13; check progress via PreLex dossier).

The Competitiveness Council of 5-6 December 2011 adopted Conclusions on the results of the Single Market Forum, held in Krakow on 2-4 October 2011. The Forum brought together representatives of Single Market stakeholders and resulted in the Krakow Declaration, which addressed the following issues:

- the European Professional Card
- alternative dispute resolution and online dispute resolution
- 'Points of Single Contact'
- e-commerce
- posting of workers and fundamental social rights
- public procurement legislation
- citizens and the Single Market
- implementing Single Market rules.

On 11 October 2011, the Commission adopted a Proposal for a Regulation 'on a Common European Sales Law' (COM(2011)635; check progress via the PreLex dossier; see also the associated Communication 'A Common European Sales Law to facilitate cross-border transactions in the Single Market' - COM(2011)636).

On 21 March 2012, the Commission adopted a draft Directive 'on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services' (COM(2012)131; check progress via the PreLex dossier; see also Press Release IP/12/267). The proposal aims to ensure that the existing 'Posted Workers Directive' is enforced, by improving monitoring and compliance. On 9 December 2013, the Council agreed a general approach on the draft 'Enforcement Directive' (see Press Releases PRES/13/562 and MEMO/13/1103).

The Green Paper 'An integrated parcel delivery market for the growth of e-commerce in the EU', adopted on 29 November 2012 as COM(2012)698 (see also Press Releases IP/12/1289 and MEMO/12/923) identified three priority areas of concern to e-retailers and consumers in the EU:

- improving convenience of delivery services
- ensuring more cost-effective delivery solutions
- promoting improved interoperability of delivery services between operators and between operators and e-retailers

Based on responses to the Green Paper, the Commission intends to:

> identify solutions to help develop a seamless parcel delivery process in the EU in order to support the growth of e-commerce, and ensure that the benefits of

> e-commerce are accessible to all citizens and SMEs across all regions in Europe via a sustainable and well-functioning delivery system.

On 17 December 2012, in a speech entitled 'The Common European Sales Law – a useful tool for business', Justice Commissioner Viviane Reding set out her thoughts on the progress of the initiative (see SPEECH/12/962), saying:

> The Common European Sales Law is a measure inspired by the Single Market. It will give consumers and businesses the option of using a single sales law for cross-border contracts, and will give those three quarters of European companies who currently do not sell across borders an incentive to expand.
>
> It will help traders and consumers to better exploit Europe's goldmine – our single market. It will ensure that Europe does not miss out on the billions of euros worth of cross-border trade it could be making. In today's economic situation we cannot afford to squander the asset that is our single market.
>
> The aim of my proposal is to provide a single cross-border sales law that can be used with one IT platform and one set of model contract terms. Traders would simply have to fill in the deal-specific details.

On 20 February 2013, the Commission welcomed support from the European Parliament's Legal Affairs Committee for the Common European Sales Law (see Press Release MEMO/13/121).

External dimension and enlargement of the Single Market

EFTA countries

The Single Market has always extended beyond the borders of the Member States. After ministerial discussions which took place as early as 1988, it was opened to members of the European Free Trade Association (EFTA) under the Agreement on the European Economic Area (EEA). The EEA now comprises the EU Member States plus Iceland, Liechtenstein and Norway.

While the Swiss Government signed the EEA Agreement and applied for EC Membership in May 1992 the agreement was rejected by the Swiss population in a referendum in December of the same year. The EU and Switzerland have since concluded a number of bilateral agreements which in practice mean the extension of many aspects of the Single Market to the country. The first package Bilateral Agreements, which cover seven sectoral issues such as the free movement of persons, public procurement and trade in agricultural products, came into force in 2002. The second package of (nine) Bilateral Agreements, which among other things would substantially advance the free movement of persons by extending the Schengen acquis to Switzerland, was signed in October 2004. On 5 June 2005, the Swiss voted to participate in both the Schengen and Dublin agreements (see Summaries of EU legislation: The Schengen area and cooperation and Dublin II Regulation)[archived] and in a further referendum on 25 September also agreed to extend the EU-Swiss agreement on free circulation to the EU's 10 new Member States. (For more information see the website of the Swiss Integration Office of the Foreign Affairs and Economic Department).

Candidate countries and the wider Europe

The 2004 and 2007 enlargements were subject to Europe Agreements and Association Agreements with countries seeking EU membership gradually being given access to the Single Market; when they acceded to the EU, they adopted Single Market legislation as part of the wider acquis communautaire. In 1995 the Commission published a White Paper 'Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union' (COM(95)163; text courtesy Archive of European Integration).

The prospect of economic integration has also been given to countries for which EU membership is not an option, via the European Neighbourhood Policy. On the basis of the 1963 Ankara Agreement, the Association Agreement between Turkey and the European Community, a Customs Union with the European Union was finally established in December 1996. The possibility of a future free trade area with far-reaching economic freedoms was spelt out in the December 1997 Partnership and Co-operation Agreement (PCA) with Russia. Negotiations on 'EU-Russia Common Spaces', one of which is a Common Economic Space, do not go that far.

In January 1996 the Technical Assistance and Information Exchange unit (TAIEX) of the European Commission's DG Enlargement was established to provide the Associated Countries with assistance in meeting the legislative requirements of the Single Market. It now:

> supports partner countries with regard to the approximation, application and enforcement of EU legislation.

The countries covered by TAIEX are divided into the following groups:

- Croatia, Iceland, Turkey, former Yugoslav Republic of Macedonia
- Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo
- Turkish Cypriot community in the northern part of Cyprus
- Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia, Ukraine, Russia.

Regulatory dialogue with third countries and multilateral organisations

Since many European businesses operate world-wide and the EU's Internal Market is not isolated from the global economy which increasingly needs global problem-solving, the EU engages in regulatory dialogues with third countries, especially the United States and Japan, and, more importantly negotiations in the multilateral framework of the World Trade Organisation (WTO). In addition, there are Bilateral and Bi-regional Negotiations with Mercosur, ASEAN, the Gulf Co-operation Council and others, on policies relevant to the Single Market.

In April 2005, the European Commissioner for Trade, Peter Mandelson, announced that he had agreed with his counterparts from the Association of South East Asian Nations (ASEAN) to set up a political level 'vision group' to study the feasibility of a Free Trade Agreement between the EU and ASEAN (see Press Release IP/05/511). That has not yet come about, although in 2010, the EU opened negotiations for free trade agreements with Malaysia and Singapore.

The first ASEAN–EU Business Summit (AEBS) took place in May 2011, with a second meeting scheduled for April 2012 (see AEBS website and also DG Trade page on EU-ASEAN relations).

Various interests, such as the Transatlantic Policy Network, have proposed over the years the creation of a free trade area between the United States and the European Union. However, no formal proposal has so far been launched.

Information sources in the ESO database

Find updated and further information sources in the ESO database:

6.1 Single Market - General
- Key Source
- Legislation
- Policy-making
- Report
- Statistics
- News source
- Periodical article
- Textbook, monograph or reference
- Background

6.3 Removal of physical barriers
6.4 Removal of technical and legal barriers
6.4.a Free movement of goods - Harmonisation - Standardisation
6.4.b Public procurement
6.4.c Free movement of services
6.4.d Capital movements
6.4.e Intellectual property - Trade marks - Patents
6.4.f Company law
6.5 Tax issues
6.6 Free movement of people

Further information sources on the internet

- European Commission: DG Growth Internal Market
  - Homepage
  - Internal market website
    - Single Market Strategy
    - Industry
    - A Single Market for Goods
    - A Single Market for Services
    - Digital Single Market
    - European Standards
    - Intellectual Property
    - Barrier to trade
    - Have your say!
    - Publications

- European Commission: DG Growth Industrial Policy
  - Homepage
  - Enterprise and Industry website
    - SMEs
    - Competitivness
    - Industrial policy
    - Space
    - Tourism
    - All topics

- European Commission: DG Eurostat
  - Homepage
    - Structural business statistics

- Europa
  - Policy areas: Single Market, Enterprise
  - Summaries of EU legislation
    - Internal market (includes factsheets under the headings: Businesses in the internal market, Internal market: general framework, Living and working in the internal market, Single market for capital, Single Market for Goods, Single market for services)
    - Enterprise (includes factsheets under the headings: Business environment, Industry, Interaction between enterprise policy and other policies, International dimension and enlargement)

- European Commission: DG Communication
  - RAPID press releases database - Internal market and services (pre-set search)
  - Your Europe (Help and advice for EU nationals and their families / Practical guide to doing business in Europe)

- Legislative and policy making information
  - Treaty on the functioning of the European Union: Article 26-27
  - EUR-Lex: Legislation: Single market
  - EUR-Lex: Preparatory legislation: Single market
  - EUR-Lex: Consolidated legislation: Single market
  - EUR-Lex: Case Law: Single market
  - EUR-Lex: Summaries of EU Legislation: Single market
  - European Commission: DG Single market

- Court of Justice of the European Union: InfoCuria
  Homepage: at 'Subject-matter' box, click icon at far right to open list of subjects. Choose one or more of the following options: 'Freedom of establishment and freedom to provide services', 'Freedom of movement for persons', 'Freedom of movement for workers', 'Free movement of capital', 'Free movement of goods', 'Free movement of services' and click 'Enter' to return to main search page. Select dates if required. Hit 'Search' at top or bottom of page.

- European Parliament: Legislative Observatory (OEIL)
  Homepage: Carry out a Search (in left-hand menu, expand 'Subject'; then expand 'Internal market, SLIM'; then expand / select appropriate sub-section).

- Council of the European Union
  - Competitiveness (internal market, industry, research and space)

- European Parliament
  - Internal Market and Consumer Protection (IMCO)

- European Parliament: Fact Sheets
  - Section on The internal market has Fact Sheets under two main headings: The internal market: framework, and Implementation

- European Economic and Social Committee
  - Single Market, Production and Consumption (INT)

- Committee of the Regions
  - Commission for Economic and Social Policy (ECOS)

- University of Pittsburgh: Archive of European Integration (AEI)
  - Homepage
  - Single Market 1992 program and progress reports

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