



**COUNCIL OF
THE EUROPEAN UNION**



Council Conclusions on the Single Market Review: A single market for 21st century Europe

*28442nd ECONOMIC and FINANCIAL AFFAIRS Council meeting
Brussels, 22 January 2008*

The Council adopted the following conclusions:

"The Council WELCOMES the publication of the Single Market Review by the Commission. The Council (Ecofin) UNDERLINES that the Single Market is of crucial importance for Europe's competitiveness in the globalised economy. It is therefore part of the overall economic policy strategy of the EU as recognised in the Integrated Guidelines. A competitive Single Market is a key driver of economic growth and the successful economic performance of SMEs will depend on their capacity to grow and operate cross-border as they do on their domestic market. It provides the right environment to enable living standards of Europe's citizens to rise. The Council (Ecofin) therefore EMPHASIZES that the core focus of the Single Market as a driver for growth should be at the centre of measures taken forward, including in the context of the Community Lisbon Programme. It also UNDERLINES the importance of the Single Market for increasing the economic adjustment capacity of European countries as well as their resilience to shocks, especially within the Monetary Union.

P R E S S

Delivering results through a better use of instruments

The Council SHARES the Commission's view that an impact-driven and result-orientated approach is needed, which targets action where it will have maximum impact, underpinned by robust economic evidence, and uses all available tools to enable responsiveness in a rapidly changing global context and enlarged Europe and WELCOMES the focus on improved governance of the Single Market in line with the better regulation agenda as well as the principles of subsidiarity and proportionality. Creation of new administrative burdens on governments and businesses should be avoided. The Council AGREES that:

- Using a better tailored **mix of policy instruments** is important for ensuring that the Single Market regulatory environment is both efficient enough to reach its objectives and flexible enough to respond to the increased pace of change in global markets.
- The proposal for **a system for market monitoring**, well targeted and building on existing data and procedures, could help to prioritise action in markets where there are genuine and significant barriers to market functioning and competition, the removal of which would result in significant economic benefits, including lower prices and better access to offers for consumers. This will help to achieve a targeted and evidence-based approach to the Single Market. The Council INVITES the Commission to implement this system of market monitoring and to work closely with the Member States through the EPC to assess the results and evaluate the methodology for continuous improvement. The Council STRESSES the need for further analysis on the functioning of the services sector, which is the core of the European economy.
- Improved **implementation and enforcement of existing legislation** is necessary to enhance the competitiveness and performance of the Single Market. More emphasis should be put on effective and consistent implementation and enforcement, including better information and appropriate redress mechanisms for consumers and businesses.

Priority areas for action

The Council STRESSES that greater consumer confidence and improved partnerships between Member States and the Commission will be key to the successful implementation of this strategy. In line with the new focus on targeting action where it will have maximum impact, the Council:

- CONSIDERS that the opening of **services markets** is crucial to Europe's future prosperity. Services are now a major economic driver in Europe, accounting for 70 % of Europe's output, 68% of employment and 96% of new jobs created. Rapid and effective implementation of the Services Directive by the end of 2009 is necessary to create a genuine single market for services.

- AGREES that efforts to liberalise **network industries** need to continue. Member States should take the necessary steps to achieve a truly competitive, interconnected and single Europe-wide internal market for electricity and gas. In line with the requirements defined by 2003 Energy Directives and the calls of the March 2007 European Council, those steps include more effective separation of supply and production activities from network operations (unbundling) and providing fair network access. Particular attention should be given to improving and strengthening the independence of the regulatory authorities. Also the telecommunications package needs to be agreed upon. Member States should transpose the Directive for the completion of the EU postal internal market.

- AGREES that improving the **tax environment** is important. It NOTES that national rules on taxation differ between Member States. The functioning of the Single Market may be improved through continuing efforts to tackle tax fraud, eliminate harmful tax competition and through strengthened cooperation on taxation between Member States and, where appropriate, at European level, while respecting national competences. The Council will continue to work in this area, including addressing obstacles to the Internal Market.

- UNDERLINES that promoting the free movement of **knowledge and innovation** should be a priority and in this respect LOOKS FORWARD to further progress on a common EU framework for patent protection, safeguarding legal certainty and avoiding discrimination. Education should be given utmost importance to facilitate the movement towards a “knowledge-base economy”. In addition, the conditions for financing innovative SMEs through risk capital should be improved. The Council STRESSES that the framework conditions for an effective competition policy should be improved to reinforce the benefits of innovation for the Single Market. The Council also AGREES on the importance of promoting the right conditions for **SMEs** to foster innovation and growth, in particular by allowing them to take full advantage of the opportunities of the Single Market, by improving their access to public procurement and, by reducing further administrative burdens and obstacles to cross-border trade.

- TAKES NOTE of the proposals for retail financial services in the Single Market Review, and AGREES that greater competition, enhanced efficiency and more opportunities for business in retail financial services will promote jobs and growth and benefit consumers. In this context, the Council BROADLY SUPPORTS the initiatives identified by the Commission in the area of retail financial services, and in particular
 - o ENCOURAGES the development, by the banking sector, of a set of common rules on bank accounts, to facilitate bank switching and access by non-residents, to the benefit of all consumers, bearing in mind the positive effects expected from increased customer mobility on competition;

 - o SUPPORTS the Commission in its intentions to look into the obstacles to broader product availability, in particular assessing the possibilities of a 28th regime and further use of competition policy tools;

- STRESSES the importance of eliminating barriers to supply and demand for retail products on a cross-border basis and of examining the preconditions for access to, and availability of, credit data in promoting competitive retail markets
 - LOOKS FORWARD to the Commission communication on the need for a more coherent approach to product transparency and distribution requirements for "competing" retail investment products;
 - SUPPORTS examination by the Commission of possible improvements to financial services redress mechanisms;
 - And ENCOURAGES greater and continued engagement with consumers so as to try out, where relevant, the proposed measures with consumer testing panels, and/or discuss them with expert groups gathering professionals and users.
- INVITES the FSC and the EFC to examine the forthcoming detailed initiatives by the Commission. In the first half of 2008, and in addition to the consideration of progress on the Single Euro Payment Area (SEPA), the Council will examine in particular the Commission White Paper on the mortgage credit sector for consumers and the communication by the Commission on financial education, setting out suggestions for the delivery of financial education, recognizing that financial education is primarily a matter for Member States.

The Council UNDERLINES the importance of the **external dimension** of the Single Market Review. The Union's internal and external policies need to be harnessed in order to respond to the opportunities and challenges of globalisation, in line with the EU declaration on globalisation adopted by the European Council in December. A well functioning Single Market can enhance Member States' capacity to compete in a globalised world."
