



DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT **A**
ECONOMIC AND SCIENTIFIC POLICY



Contribution of the Internal Market and Consumer Protection to Growth

Economic and Monetary Affairs	
Employment and Social Affairs	
Environment, Public Health and Food Safety	
Industry, Research and Energy	
Internal Market and Consumer Protection	

Contribution of the Internal Market and Consumer Protection to Growth

Study for the IMCO Committee



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

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STUDY

Abstract

This study first outlines the economic benefits of the EU single market and consumer protection from a general perspective. It then presents key achievements of the Europe 2020 flagship initiatives in deepening the single market and improving consumer protection, as well as remaining barriers. Based on evidence collected with regard to potentially significant economic benefits (including untapped potential in areas beyond the explicit scope of the flagship initiatives), it advocates further leveraging of single market and consumer protection policies in the Europe 2020 strategy to reignite growth.

This document was requested by the European Parliament's Committee on Internal Market and Consumer Protection.

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LIST OF ABBREVIATIONS

AGRI	Agriculture and Rural Development Committee
ALDE	Group of the Alliance of Liberals and Democrats for Europe
BAS	Brake-assist systems
CAP	Common Agricultural Policy
CFP	Common Fisheries Policy
CMO	Common market organisation
CoR	Committee of the Regions
CULT	Culture and Education Committee
ECOSOC	Economic and Social Committee
ECTS	European Credit Transfer System
EPP-ED	Group of the European People's Party and European Democrats
FAO	Food and Agriculture Organisation of the United Nations
FPS	Frontal protection systems
GDP	Gross Domestic Product
GM	Genetically-modified
Greens/EFA	Greens/European Free Alliance
GUE/NGL	Confederal Group of the European United Left - Nordic Green Left
IFI	International Fund for Ireland
IND/DEM	Independence/Democracy Group

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EXECUTIVE SUMMARY

Background

This report presents the results of a study commissioned by the European Parliament's Committee on Internal Market and Consumer Protection (IMCO) and carried out by Civic Consulting between July and September 2014. The study concerns achievements in the area of the single market and consumer protection and related contributions to economic growth in the European Union, with a specific focus on the flagship initiatives of the Europe 2020 strategy.

A general perspective: contributions of the single market and consumer protection & empowerment to growth

- The benefits of a single market for growth can be broadly subsumed into four separate categories: economies of scale; stronger competition; lower transaction costs; and better allocation of resources. In addition to benefits for growth, single market integration also induces other benefits, such as increased consumer choice and better quality, and innovative goods and services. Nonetheless, the single market may induce additional costs, including administrative costs, adjustment or transition costs, a widening in regional and distributional disparities, and an increase in environmental degradation.
- Many studies have tried to quantify the overall impact of single market integration on economic growth. One of the most-often quoted ex-ante studies is the Cecchini report, commissioned in 1988 by the European Commission. It estimated an impact of 4.25-6.5% increase in EU GDP for the EU-12. More recent studies assessing the effects of the elimination of intra-EU goods and services barriers have subsequently made even higher estimates, indicating that EU GDP could increase by 14% as early as 2020, depending on the assumptions made.
- However, ex-post analyses have since measured the observed impact of the single market on growth and have generally estimated the real gains to be smaller. Several factors may explain the differences noted between ex-ante and ex-post estimates identified, including the absence of a clear control group or counterfactual; difficulty in predicting the dramatic transformative effects of market liberalisation; difficulty in accounting for dynamic effects of integration related to gradual changes in productivity and efficiency; and other potential biases leading to an overestimation of the predicted gains of single market integration.
- Improving consumer protection and empowerment can also have positive effects on growth, through several channels including: consumers' increased confidence and trust; consumers' better decision-making and assertion of rights; lower consumer financial detriment from problems; and as a signal of high standards for third countries trading with the EU. However, while there is a significant body of literature confirming these benefits, little empirical evidence has been identified to support them. Nonetheless, a major EU-wide survey in 2010 concluded that total ex-post consumer detriment – based on financial losses reported from problems experienced – was equivalent to 0.4% of EU GDP.

The Single Market and consumer protection & empowerment through the lens of the Europe 2020 flagship initiatives

- A larger number of achievements have been made relevant to the single market and consumer protection within the scope of 'A Digital Agenda for Europe', relating to electronic communications, e-commerce/online services and data protection. Major legislation proposed includes the Connected Continent Regulation and Data Protection Reform Package. Evidence suggests that completing the digital single market has significant potential to contribute to growth, with one estimate indicating a possible 2-4% increase in EU GDP by 2020.
- Relevant aspects of 'Innovation Union' relate to breaking down barriers to innovation, improving cross-border access to finance for SMEs and encouraging cross-border mobility of researchers, which may each have beneficial effects on growth. Key achievements include the establishment of a unitary patent system, expected to reduce costs of applying for a patent valid EU-wide by 80%.
- Learning and employment mobility of young people constitute the key areas of relevance for the single market under 'Youth on the Move', for which available evidence indicates a potential positive impact on the EU economy. A major achievement is the regulation establishing Erasmus+, which combines the EU's education, training, youth and sport schemes into one integrated programme.
- Significant achievements have been made within the scope of 'Resource-efficient Europe' relevant for the single market and consumer protection & empowerment in the energy and transport sectors. Major legislation adopted in the energy sector includes the Third Energy Package, while for several transport modes fresh single-market initiatives have been proposed, accompanied by a well-developed framework for passenger rights. Significant growth potential is evident: according to estimates, liberalisation of gas and electricity markets could raise EU GDP by 0.6-0.8% over 2011-2020, while supply- and demand-side effects of air transport liberalisation could, respectively, raise EU GDP by 1.8% and 1.3% over 2005-2025.
- Relevant achievements as part of 'An industrial policy for the globalisation era' relate mainly to industrial products, as well as specific areas such as combating late payments, business services, and entrepreneurship. Major legislation proposed includes the Product Safety and Market Surveillance Package. Addressing the remaining barriers to intra-EU trade in goods could be highly beneficial; one estimate shows that full integration of goods markets could result in a 2.2-8.8% increase in EU GDP in the long run.
- Labour mobility is the main aspect relevant to the single market in 'An agenda for new skills and jobs'. Major legislation adopted includes the revised Professional Qualifications Directive. Research suggests labour mobility stimulates growth: one study finds the immigration of four million people from eight of the countries acceding to the EU in 2004 could lead to a long-run increase of 0.6% in EU GDP.
- Finally, actions under 'European Platform against Poverty and Social Exclusion' relevant to the single market relate primarily to social enterprise, which may also induce growth. A key achievement was the launch of the Social Business Initiative.

The tables below summarise key policy and legislative achievements during the seventh legislature in the areas of the single market and consumer protection & empowerment by flagship initiative. The status at the time of writing – adopted or proposed – is also indicated.

Table 1: Summary of achievements in the area of the single market across flagship initiatives

FI 1 – A digital agenda for Europe	FI 2 – Innovation Union	FI 3 – Youth on the move	FI 4 – Resource efficient Europe	FI 5 – Industrial policy	FI 6 – Agenda for new skills & jobs	FI 7 – Platform against poverty
<p>Adopted:</p> <ul style="list-style-type: none"> - Roaming Regulations - Telecoms Package - SEPA Regulation - Regulation on Cross-Border Payments in the Community - Regulation on eID and trust services - Directive on Collective Management of Copyright - Directive on Orphan Works - Roadmap for completing Single Market for parcel delivery - Directive on e-invoicing in Public Procurement - Revision of Public Procurement Directives - Collective Redress Recommendation <p>Proposed:</p> <ul style="list-style-type: none"> - Connected Continent Regulation - Revised Payment Services Directive - Common European Sales Law 	<p>Adopted:</p> <ul style="list-style-type: none"> - Revision of Public Procurement Directives - EU patent package - Standardisation Regulation - State Aid Modernisation package - Regulation on European Venture Capital Funds - Revision of Transparency Directive - Revision of Market Abuse Directive - Revision of the MiFi Directive - Revision of the Prospectus Directive - Establishment of EU Framework for Research Careers - Strengthening of Marie Skłodowska-Curie actions <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on European Long-term Investment Funds 	<ul style="list-style-type: none"> - Regulation establishing Erasmus - Recommendation on Promoting the Learning Mobility of Young People - Publication of the first Mobility Scoreboard - Review of the ECTS Users' Guide - Development of U-Multirank - Publication of guidance of the rights of mobile students in the European Union - Launch of the European Skills Passport - Launch of 'Your First EURES Job' - Recommendation on the establishment of the ECVET 	<p>Adopted:</p> <ul style="list-style-type: none"> - Third Energy Package - Renewable Energy Directive - Package on guidance to Member States on state intervention in electricity markets - Guidelines for development of the trans-European network - Coach and Bus services Regulation - International road haulage Regulation <p>Proposed:</p> <ul style="list-style-type: none"> - Fourth Railway Package - Update of Single European Sky Package (SES2+) - Blue belt package (expected) 	<p>Adopted:</p> <ul style="list-style-type: none"> - Sector-specific industrial products directives, including Alignment Package - Construction Products Regulation - Single Market for Green Products initiative - Standardisation Regulation - Late Payment Directive - High Level Group on Business Services - Entrepreneurship 2020 Action Plan 	<p>Adopted:</p> <ul style="list-style-type: none"> - Revised Professional Qualifications Directive; - European Classification of Skills/Competences, Qualifications and Occupations; - Directive on supplementary pension rights for mobile workers - Posting of Workers Enforcement Directive - Directive to Improve Enforcement of Workers Rights - Decision on co-operation between public employment services <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on EURES - Roadmap for a Partial Revision of Regulations Nos. 883/2004 and 987/2009 	<p>Adopted:</p> <ul style="list-style-type: none"> - Regulation on European Social Entrepreneurship Funds - the Public Procurement Directives - Payment Accounts Directive - Directive on Disclosure of Non-Financial and Diversity Information by Businesses <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on the Statute for a European Foundation

Source: Compiled by Civic Consulting.

Table 2: Summary of achievements in the area of the consumer protection & empowerment across flagship initiatives

FI 1 – A digital agenda for Europe	FI 2 – Innovation Union	FI 3 – Youth on the move	FI 4 – Resource efficient Europe	FI 5 – Industrial policy	FI 6 – Agenda for new skills & jobs	FI 7 – Platform against poverty
<p>Adopted:</p> <ul style="list-style-type: none"> - Better Regulation and Citizens' Rights Directives - Consumer Rights Directive - ADR Directive and ODR Regulation - Regulation on Cross-Border Payments in the Community <p>Proposed:</p> <ul style="list-style-type: none"> - Connected Continent Regulation - Initiatives to protect consumers in the area of online gambling - New Directive on Payment Services - Common European Sales Law - General Data Protection Regulation and a Police and Criminal Justice Data Protection Directive - Directive concerning measures to ensure a high common level of network and information security across the Union 	No specific achievements	No specific achievements	<p>Adopted:</p> <ul style="list-style-type: none"> - Third Energy Package - Energy Efficiency Directive - European Energy Consumers' Rights' List - Guidance document on vulnerable consumers - European vision for Passengers - Bus Regulation - Waterborne Regulation - Consumer Rights Directive 	<p>Proposed:</p> <ul style="list-style-type: none"> - Product Safety and Market Surveillance Package 	No specific achievements	<p>Adopted:</p> <ul style="list-style-type: none"> - Payment Accounts Directive - Directive on Disclosure of Non-Financial and Diversity Information by Businesses

Source: Compiled by Civic Consulting.

The Single Market and consumer protection & empowerment beyond the flagship initiatives

- The services sector has been highlighted by the Commission as one of a few key sectors in which further deepening of the single market could lead to substantial gains in terms of growth. The Services Directive, adopted in 2006, constitutes the main horizontal internal market-related legislation in place for the sector. It is estimated that full implementation of the Services Directive by Member States in only a selection of the sectors covered by it could increase EU GDP by 2.6% in the long run.
- Regarding financial services, the Commission has acted in developing a substantial regulatory reform agenda in response to the financial crisis. Legislative achievements at the retail level relevant for the single market include the Mortgage Credit Directive (MCD) and the Payment Accounts Directive (PAD). According to one estimate, fully integrated financial markets could induce a rise in EU GDP of 1.1% in the long run.
- The main existing legislation on public procurement was revised during the 7th legislature as part of a comprehensive modernisation package, which could contribute to addressing barriers to a single procurement market. If savings already achieved for procurement contracts published at EU level could be achieved for all public procurement, EU GDP could increase by 0.5% , according to one estimate.
- The Mutual Recognition Regulation is the main legislative achievement serving to uphold the principle of mutual recognition. According to the impact assessment that accompanied the initial proposal, successfully ensuring the perfect operation of mutual recognition inside the EU could produce a maximum possible one-off increase in EU GDP of 1.8% .
- Taxation is also a tool that can contribute to furthering the single market. Among other things, policy action during the 7th legislature has aimed at revising the VAT system. One study has estimated that implementation of the VAT Directive could potentially lead to an increase of 1% in EU GDP, with 0.3% of GDP growth lost due to inefficient implementation.
- Competition policy aims to ensure a level-playing field that can facilitate the provision of goods and services across borders and thus strengthen the single market. An achievement of the 7th legislature relates to the ongoing modernisation of state aid policy. In addition, competition decisions taken by the Commission in 2011 concerning horizontal mergers are estimated to have led to consumer savings of EUR 4 billion.
- Similarly, an open trade policy is an important complement to furthering the single market, and also holds potential for a major contribution to growth. An agreement to lower barriers between the US and the EU could boost the EU's GDP per capita by between 2% and 3.5% , although strong concerns exist regarding the impact of such an agreement on consumer protection.

The table below presents key results from the evidence presented in Sections 3 and 4 selected to illustrate both potential contributions to growth as well as potential savings resulting from actions to deepen the single market. Results are presented by areas, distinguishing between those covered/not explicitly or comprehensively covered by the flagship initiatives.

Table 3: Selection of key results on potential contributions to growth and potential savings resulting from single-market related actions across areas, based on ex-ante estimates identified in studies and impact assessments reviewed

Area	Key estimates of potential contributions to growth	Key estimates of potential savings
Overall EU economy		
Goods and services markets	Up to 14% increase in EU GDP over 2011-2020 – resulting from a complete elimination of all remaining barriers in goods and services in the EU.	n.a.
Areas covered by the flagship initiatives		
Goods markets	2.2-3.3% increase in EU GDP in 2005 resulting from goods market integration over the 1960-2000 period; and 2.2-8.8% increase in EU GDP in the very long run – resulting from full integration of goods markets.	Increase of EUR 183-269 billion in the total value of mechanise exports between Member States in the long term resulting from removal of barriers to FDI and non-tariff barriers within the internal market for goods.
Digital markets	Up to 4% increase in EU GDP over 2010-2020 resulting from completing the digital single market.	Savings of EUR 100 billion per year for public entities resulting from transition to e-procurement.
Energy markets	0.6-0.8% increase in EU GDP over 2011-2020 resulting from liberalisation of gas and electricity markets.	Up to EUR 30 billion in savings per year in the EU27 from gas market integration, and €12.5-40 billion in savings per year in the EU27 by 2030 from electricity market integration.
Transport markets	Up to 1.8% and up to 1.3% increase in EU GDP over 2005-2025 resulting from supply-side and demand-side effects of air transport liberalisation respectively.	EUR 0.91-1.8 billion in savings annually over the 2014-2034 period, resulting from completing the single market for air.
Labour markets	Up to 0.6% increase in EU GDP in the long run since 2004 resulting from population flows from 8 countries that acceded to the EU in 2004.	n.a.

Area	Key estimates of potential contributions to growth	Key estimates of potential savings
Areas not explicitly or comprehensively covered by the flagship initiatives		
Services under Services Directive	0.8-2.6% increase in EU GDP in the long run since adoption of the directive resulting from its full implementation and enforcement.	EUR 100-304 billion in savings in total resulting from full implementation of the Services Directive.
Mutual recognition	1.8% increase in EU GDP resulting from perfect operation of Regulation 764/2008.	n.a.
Public procurement	0.1-0.5% increase in EU GDP over 2011-2021 resulting from savings related to public procurement directives (prior to revision), if the directives applied to all EU public procurement.	Potential savings of EUR 36.5-66.5 billion annually resulting from closure of remaining gaps in EU public procurement legislation.
Financial services	1.1% overall or 0.025% per year increase in EU GDP resulting from full integration of financial markets in the long run since 2002, or over 1999-2010 respectively.	EUR 285 million per year in consumer savings resulting from a more complete internal market for consumer credit.
Taxation	1% increase in EU GDP resulting from implementation of the VAT Directive, with an additional 0.3% if the directive were efficiently implemented.	Annual savings for businesses of EUR 9-20 billion resulting from implementation of a common EU standard VAT return.

Source: Compiled by Civic Consulting; sources specified in equivalent table in Section 5.1.4. The selection of estimates is made from a range of estimates presented in Sections 3 and 4 on potential contributions to growth and potential savings. Figures relating to growth or savings for a given area are each based on separate studies.

Conclusions and recommendations

- Progress has been made in furthering the single market and improving consumer protection and empowerment through a range of legislative and non-legislative achievements across all flagship initiatives. Evidence collected shows in particular in several areas a comprehensive legal framework for deepening the single market and/or improving consumer protection and empowerment has already been adopted or has been proposed by the Commission. Such is the case, for example, regarding the energy sector, the transport sector, the digital sector, or industrial products.
- Nonetheless, achievements have been more numerous and wide-ranging in specific flagship initiatives, and in some areas substantial barriers to single market integration or deficiencies in consumer protection remain.
- Research demonstrates that potentially significant increases in GDP or in efficiency/savings could be achieved through actions relating to furthering the single market and improving consumer protection in the sectors covered by the flagship initiatives. Specifically, some of the largest contributions to growth/savings could be achieved in furthering the single market in the goods market, digital markets, energy markets and transport markets.
- While the coverage of the flagship initiatives of areas relevant for the single market and consumer protection can be considered relatively comprehensive, several others do not fall explicitly or comprehensively within the scope of the flagship initiatives (in terms of policy actions to deepen the single market or improve consumer protection). These include the services sectors covered by the Services Directive, retail financial services, public procurement and concessions, mutual recognition, taxation and the business environment, as well as linkages to other relevant policy areas such as competition policy and trade policy. Evidence suggests that significant contributions to economic growth as well as efficiency gains/savings could also be achieved if relevant policy actions to further the single market and/or consumer protection were implemented in these areas.
- On the basis of these conclusions as well as observations made during the course of the research, key recommendations for future policymaking needs relate to:
 1. Reigniting growth through the single market and consumer protection
 2. Refining the focus of the Europe 2020 strategy and its flagship initiatives on areas with untapped growth potential
 3. Improving the clarity in the coverage and presentation of the flagship initiatives and their synergies with other ongoing initiatives
 4. Exploiting the potential of recurring Single Market Acts focused on key areas
 5. Exploiting country-specific recommendations of the European Semester and reinforcing cooperation among national competent authorities to improve enforcement
 6. Developing indicators and targets for the single market and consumer protection
 7. Improving the credibility of quantitative results on economic impacts
 8. Conducting further research into barriers and associated growth potential where there is less evidence

An overview of strategic objectives and specific objectives/instruments to guide future policymaking needs for the short and long term elaborated based on the recommendations is provided on the following pages.

Table 4: Overview of strategic objectives, specific objectives/instruments and associated timeframe by recommendation

Recommendation	Strategic objectives	Specific objectives/instruments	Timeframe
1. Reigniting growth through the single market and consumer protection	<ul style="list-style-type: none"> Reignite growth in the EU Ensure that growth is sustainable and inclusive Maximise efficiency of growth policies as a whole Improve consumer choice and trust Reach out to EU citizens in showing the benefits of the EU and its single market Uphold fundamental rights Protect the most vulnerable in society 	<ul style="list-style-type: none"> Maintain emphasis on policy actions to deepen the single market in Europe 2020 strategy Combine single market-related actions with the appropriate economic incentives and/or supporting policies to ensure economic gains achieved are both environmentally sustainable and distributed in an inclusive manner Ensure complementarity of single market-related actions with other drivers of growth, such as increasing employment and boosting investment in innovation and education Maintain emphasis on policy actions to improve consumer protection and empowerment in Europe 2020 strategy 	Long term
2. Refining the focus of the Europe 2020 strategy and its flagship initiatives on areas with untapped growth potential	<ul style="list-style-type: none"> Further exploit the growth potential of the single market in the Europe 2020 strategy Further exploit the growth potential of consumer protection and empowerment in the Europe 2020 strategy 	<ul style="list-style-type: none"> Apply explicit emphasis in the Europe 2020 strategy or in relevant flagship initiatives to addressing in priority those areas with untapped growth potential, i.e.: <ul style="list-style-type: none"> Further address barriers in the services sectors covered by the Services Directive, in financial services, and in public procurement, for example Apply more explicit emphasis on deepening the single market for the energy and transport sectors Apply efforts to develop the appropriate linkages with competition policy and trade policy Continue to place strong emphasis on completing the digital single market 	Short to long term
3. Improving the clarity in the coverage and presentation of the flagship initiatives and their synergies with other ongoing initiatives	<ul style="list-style-type: none"> Clarify the coverage of the areas relevant for each of the flagship initiatives Maximise overall efficiency through synergies with other ongoing Commission initiatives 	<ul style="list-style-type: none"> Clearly indicate the lead institutions/entities implementing the measures outlined under the flagship initiatives Improve the presentation of the flagship initiatives by including a clear statement of goals and progress measured Employ the Digital Agenda for Europe flagship initiative as a benchmark example Synchronise and coordinate policy actions under flagship initiatives with the REFIT programme, where relevant 	Short term

Recommendation	Strategic objectives	Specific objectives/instruments	Timeframe
4. Exploiting the potential of recurring Single Market Acts focused on key areas	<ul style="list-style-type: none"> Provide impetus to the single market- and consumer protection/empowerment -related actions of the flagship initiatives 	<ul style="list-style-type: none"> Implement additional Single Market Acts (SMAs) on a short-term, recurring basis, starting with SMA III Refocus each new Act on policy actions aimed at remaining barriers to unlock the untapped growth potential of key areas from a single market and consumer protection/empowerment perspective 	Short term, recurring basis
5. Exploiting country-specific recommendations of the European Semester and reinforcing cooperation among national competent authorities to improve enforcement	<ul style="list-style-type: none"> Catalyse implementation of single market and consumer protection-relevant legislation in the Member States Ensure an EU-wide coordinated and coherent response to non-compliance issues 	<ul style="list-style-type: none"> Fully exploit the country-specific recommendations developed during the European Semester in areas where a comprehensive legal framework for the single market has already been laid down Further reinforce cooperation among relevant national competent authorities and related networks 	Short term, continual basis
6. Developing indicators and targets for the single market and consumer protection	<ul style="list-style-type: none"> Measure and stimulate progress to deepening the single market (and improving consumer protection) at EU level in key areas 	<ul style="list-style-type: none"> Develop a headline indicator target for internal market integration and/or consumer protection. This could be based on a well-defined aggregate index constructed with a selection of indicators, or alternatively a key specific indicator that would be sufficiently comprehensive in scope 	Short-term
7. Improving the credibility of quantitative results on economic impacts	<ul style="list-style-type: none"> Improve the credibility and comparability of quantitative results on economic impacts Establish relevant linkages with ex-post assessments and point to gaps in the data needed to conduct the assessments 	<ul style="list-style-type: none"> Promote the provision of appropriate details on the methodology applied in impact assessments and the data used (e.g. a methodological annex, database and full list of references) Explore ways to streamline and standardise the approach to data collection and assessment of impacts for various sectors 	Short to medium term
8. Conducting further research into barriers and associated growth potential where there is less evidence	<ul style="list-style-type: none"> Ensure research on single-market barriers and associated growth potential is comprehensive 	<ul style="list-style-type: none"> Conduct additional research aimed at in those areas for which comparatively less evidence of existing barriers and associated growth potential has been identified, such as capital and labour markets, but also the regulatory and business environment 	Short to long term

1. INTRODUCTION

This report presents the results of a study commissioned by the European Parliament's Committee on Internal Market and Consumer Protection (IMCO) and carried out by Civic Consulting between July and September 2014. The study concerns achievements in the area of the single market and consumer protection and related contributions to economic growth in the European Union, with a specific focus on the flagship initiatives of the Europe 2020 strategy. Preliminary results were presented to the IMCO Committee on 25 September 2014.

Evidence was collected on the basis of a comprehensive literature and document review comprising over 1000 documents; individual or group interviews with more than 30 experts from all Commission DGs relevant for the Europe 2020 flagship initiatives, industry, consumer organisations, and research institutes/universities; and case studies on achievements relevant for the single market or consumer protection and related contributions to growth under the Europe 2020 flagship initiatives.

The report is structured as follows:

- Section 2 presents a general perspective on contributions of the single market and consumer protection to growth;
- Section 3 presents key achievements relevant for the single market and consumer protection and related contributions to growth in each of the Europe 2020 flagship initiatives, as well as relevant horizontal single market or consumer protection initiatives;
- Section 4 presents key achievements relevant for the single market and consumer protection and related contributions to growth beyond the Europe 2020 flagship initiatives; and
- Section 5 presents conclusions and recommendations.

In the Annex we present an overview of achievements and contributions to growth by flagship initiative, as well as a list of references contained in this report and a list of organisations consulted.

2. A GENERAL PERSPECTIVE: CONTRIBUTIONS OF THE SINGLE MARKET AND CONSUMER PROTECTION & EMPOWERMENT TO GROWTH

KEY FINDINGS

- The benefits of a single market for growth can be broadly subsumed into four separate categories: economies of scale; stronger competition; lower transaction costs; and better allocation of resources. In addition to benefits for growth, single market integration also induces other benefits, such as increased consumer choice and better quality, and innovative goods and services. Nonetheless, the single market may induce additional costs, including administrative costs, adjustment or transition costs, a widening in regional and distributional disparities, and an increase in environmental degradation.
- Many studies have tried to quantify the overall impact of single market integration on economic growth. One of the most-often quoted ex-ante studies is the Cecchini report, commissioned in 1988 by the European Commission. It estimated an impact of 4.25-6.5% increase in EU GDP for the EU-12. More recent studies assessing the effects of the elimination of intra-EU goods and services barriers have subsequently made even higher estimates, indicating that EU GDP could increase by 14% as early as 2020, depending on the assumptions made.
- However, ex-post analyses have since measured the observed impact of the single market on growth and have generally estimated the real gains to be smaller. Several factors may explain the differences noted between ex-ante and ex-post estimates identified, including the absence of a clear control group or counterfactual; difficulty in predicting the dramatic transformative effects of market liberalisation; difficulty in accounting for dynamic effects of integration related to gradual changes in productivity and efficiency; and other potential biases leading to an overestimation of the predicted gains of single market integration.
- Improving consumer protection and empowerment can also have positive effects on growth, through several channels including: consumers' increased confidence and trust; consumers' better decision-making and assertion of rights; lower consumer financial detriment from problems; and as a signal of high standards for third countries trading with the EU. However, while there is a significant body of literature confirming these benefits, little empirical evidence has been identified to support them. Nonetheless, a major EU-wide survey in 2010 concluded that total ex-post consumer detriment – based on financial losses reported from problems experienced – was equivalent to 0.4% of EU GDP.

In this section we first present the cornerstones of single market integration along with some key indicators, which illustrate overall both the progress that has been made and the barriers that still remain. Next, we present the benefits of single market integration for growth, based on economic theory and the evidence collected, followed by the benefits of consumer protection and empowerment for growth.

2.1. The cornerstones of single market integration and associated indicators

The single market constitutes the foundation of the European Union, as embodied in its founding treaties, the Treaty on European Union, signed in Maastricht in 1992,¹ and the Treaty on the Functioning of the European Union, originally signed in Rome in 1958.² It can be defined both as the market made up of the constituent 28 Member States, with a combined GDP of more than EUR 13 trillion and their 507 million citizens, interacting variously as individuals, consumers, businesses and governments, as well as the European project aiming to eliminate market barriers stemming from national borders. The elimination of these barriers relates to the upholding of the four freedoms or cornerstones of the single market enshrined in the treaties: the free movement of people, goods, services and capital.

The degree to which free movement according to the four freedoms has been achieved is measurable through the use of specific indicators. Such indicators thereby help to indicate the extent to which the single market has become a reality, as well as the extent to which barriers remain. The following is a list of indicators based on the four freedoms for which data is readily available, these include:³

- Cross-border trade in goods and services (e.g. value of goods or services exported to other Member States as a proportion of GDP);
- Cross-border capital flows (e.g. intra-EU foreign direct investment, intra-EU bank loans);
- Cross-border labour mobility (e.g. the number of EU citizens working in another Member State than their own); or
- Price convergence between countries (i.e. the variation of prices for the same goods and services between countries).

The first three indicators are based on a relatively direct measurement of the four freedoms. The last is based on a more indirect measurement of single market integration: as markets become more integrated, price convergence is expected as a result of a drop in higher prices thanks to competition, or a rise in lower prices thanks to 'catch-up' effects, or both. In the table below we present examples of quantification of these indicators over various time periods. In each case we provide both examples of how single market integration in the EU has progressed, but also of the existence of barriers still to be overcome.

¹ In particular Article 3, Paragraph 3.

² In particular Article 21, Title I, 26, 28, 29, Title IV, Title V, Articles 114, 115.

³ For a discussion on the appropriateness of these indicators and various others to measure single market integration in the literature, see the recent Centre for European Policy Studies, Indicators for Measuring the Performance of the Single Market - Building the Single Market Pillar of the European Semester, 2014.

Table 5: Indicators of single market integration

Indicator	Examples of measurement
Intra-EU trade in goods and services	<ul style="list-style-type: none"> - Intra-EU exports of goods rose from 12% to 22% of GDP over 1992 to 2011.⁴ However: <ul style="list-style-type: none"> - The volume of trade is 7.5 times higher within than between EU Member States, compared to only 2.6 times higher for US states.⁵ - Intra-EU trade in services in 2013 was at 5%, compared to 22% for goods.⁶
Intra-EU capital flows	<ul style="list-style-type: none"> - Intra-EU FDI increased from EUR 64 billion in 1992 to EUR 260 billion in 2010 (and reached EUR 730 billion before the crisis in 2007).⁷ However: <ul style="list-style-type: none"> - Cross-border purchases of bonds and shares as a percentage of the total purchases of bonds and shares in the EU dropped sharply after 2007.⁸
Labour mobility	<ul style="list-style-type: none"> - For the EU-28, the share of citizens working in a different Member State has doubled from 1990-2011, from 1.5% to about 3%.⁹ However: <ul style="list-style-type: none"> - Annual cross-border mobility in the EU in 2010 involved 0.29% of the population, compared to 2.4% in the United States.¹⁰
Price convergence	<ul style="list-style-type: none"> - The coefficient of variation in price levels for household consumption decreased from over 15% to around 12.5% in the EU15, and from over 40% to around 25% in the EU27 over 1995-2011.¹¹ However: <ul style="list-style-type: none"> - The coefficient of variation in price levels for services barely changed from 1999 to 2011.¹² - The price dispersion for tradable goods between EU capitals is higher in the EU than in the US.¹³

Source: Civic Consulting, based on sources indicated in table.

As the table shows, according to variations in the indicators while good progress has been made in furthering each of the four freedoms that define the single market, some significant barriers to integration remain. In particular, in three cases (intra-EU trade, price convergence and labour mobility) comparisons with the United States - a country characterised by a large internal market constituted of many different jurisdictions (states)

⁴ Eurostat. European Commission, 20 Years of the European Single Market - Together for New Growth - Main Achievements, 2012.

⁵ Pacchoili, C., Is the EU Internal Market suffering from an integration deficit? Estimating the "home-bias effect". CEPS Working Document No. 348, 2011.

⁶ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013. Measured as the average of imports and exports of goods and services divided by GDP.

⁷ Eurostat.

⁸ OECDstat.

⁹ Eurostat.

¹⁰ OECD, OECD Economic Surveys: European Union, 2012.

¹¹ Eurostat.

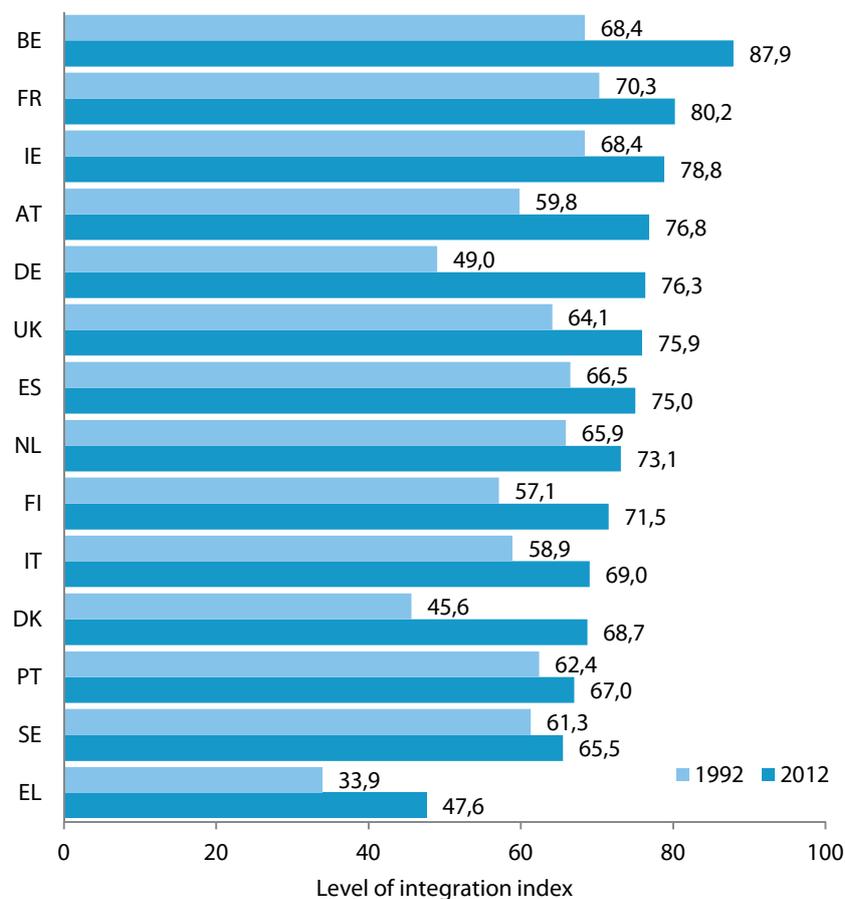
¹² Eurostat.

¹³ Adrian Dierx and Fabienne Ilzkovitz, Product Market and Sector Monitoring: A New Tool for Governing the European Single Market, 2008.

that thus acts as a suitable comparator – help to illustrate the extent of the remaining barriers to the EU single market.¹⁴

Integration indices have been developed in the context of several studies, which derive an overall level of integration (the index) based on the indicators mentioned above concerning the four freedoms as well as other relevant aspects. Below we present the values of an index developed for the level of integration for 14 EU-15 Member States in 1992 and 2012.¹⁵ As is shown, all countries are evaluated as being more integrated in 2012 than in 1992, with Belgium evaluated as most integrated and Greece the least. The difference in the value of the integration index between 1992 and 2012 is greatest for Germany, with an increase of 27.3 index points, followed by Denmark with 23.

Figure 1: Level of the integration index in 14 EU countries for 1992 and 2012



Source: Petersen, Thieß, Michael Böhmer, and Johannes Weisser, 20 Years of the European Single Market: Growth Effects of EU Integration, Bertelsmann Stiftung Policy Brief #2014/02, 2014.; original source Prognos AG.

Developments in single market integration in specific sectors as tracked by indicators are further elaborated on in Section 3 focusing on the various Europe 2020 flagship initiatives.

¹⁴ Although it should be kept in mind that the comparatively much greater differences in culture, language and history that prevail in the EU also imply a very different starting point for EU market integration.

¹⁵ The original index was developed in König, Jörg, and Renate Ohr, Different Efforts in European Economic Integration: Implications of the EU-Index, *Journal of Common Market Studies*, 51 (6), pp. 1074–1090, 2013.

2.2. The single market and its benefits for economic growth

2.2.1. The benefits of a single market in economic theory

In theory, the benefits of a single market for growth can be broadly subsumed into four separate categories:¹⁶

- **Economies of scale:** The access to a bigger market facilitated by a lowering of barriers increases the sales potential of companies; in addition, if companies benefit from increasing economies of scale, companies can produce larger quantities more cost-efficiently, thus contributing to growth.
- **Stronger competition:** The elimination of cross-border barriers generally lowers barriers to market entry in a given Member State for firms from other Member States, which increases the competitive pressure on firms already operating in that Member State. Greater competition induces both greater productive and dynamic efficiency and thus growth, as firms are induced to produce goods and services at lower cost due to price competition, while at the same time innovate.
- **Lower transaction costs:** The harmonisation of production and quality standards enables goods and services to be marketed across borders at lower expense, owing to e.g. less administrative burden from border formalities. Cross-border financial transactions are also less costly when financial markets are integrated, and particularly when Member States share a common currency (as is the case in the Eurozone). Firms can then invest the savings from reduced transaction costs towards more productive ends, thus contributing to growth.
- **Better allocation of resources:** The lowering of barriers to labour and capital mobility allow companies to have access to a much larger labour-force and financing possibilities, respectively. As a result, resources flow more efficiently to where they are most needed, contributing to greater allocative efficiency and thus growth.

In addition to these benefits for growth, it is important to note that single market integration also induces other benefits, including:

- **Increased consumer choice:** In a truly single market, consumers would have access to goods and services from other Member States in the same way as they do in their country of residence, and thus their overall choice of goods and services is greatly increased.
- **Better quality, innovative goods and services:** The greater competition fostered by a single market induces companies to provide better quality and innovative goods and services to consumers to get ahead of their competitors.

Nonetheless, the single market may induce additional costs, such as:

- **Administrative costs:** New harmonisation legislation may induce administrative costs, relating both to companies' need to adapt and comply with the legislation and public authorities' need to enforce it. Administrative costs also apply to technical standards, for example, which need to be harmonised in a single market.
- **Adjustment or transition costs:** Companies accustomed to only providing goods or services in a specific Member State that are subsequently confronted with competition from firms in other Member States may undergo costs in adjusting to

¹⁶ These benefits are listed in many studies on economic integration. See e.g. Baldwin, Richard, and Anthony Venables, "Regional Economic Integration," *Handbook of International Economics*, Vol. 3, 1995 for an overview.

the larger market. This could in particular involve reallocation of labour resources inducing job losses in the short term, e.g. in non-competitive industries.

- Widening in regional and distributional disparities: The opening up to competition and reallocation of resources across borders may induce some regions to become more competitive and efficient, while other regions may stagnate. Over time, snowball effects may cause these impacts to exacerbate, leading to longer term socio-economic distributional consequences.
- Increase in environmental degradation: As the intensity of movement of goods, services and labour across borders increases in an increasingly integrated market, detrimental environmental effects may occur, e.g. resulting from increases in greenhouse gas emissions from greater volumes of transport.

2.2.2. The evidence of the EU single market's contributions to growth

Many studies have tried to quantify the overall impact of single market integration on economic growth. One of the most-often quoted ex-ante studies is the Cecchini report, commissioned in 1988 by the European Commission. It estimated an impact of 4.25-6.5% increase in EU GDP for the EU-12, as a result of effects of the Single Market Programme of 1992 in the long run. More recent studies assessing the effects of an elimination of intra-EU goods and services barriers have subsequently made even higher estimates. In the table below we outline the estimates of the some of the main ex-ante studies in the literature of the impact of the single market on growth in the EU. For each study, we indicate:

- The driver of the impact measured in the study;
- The quantitative estimation of the impact on EU GDP, including the time period for which the estimate is made;
- Further information on the methodology, where relevant; and
- The source.

Table 6: Overview of research on ex-ante impacts on growth

Driver of impact measured	Estimation of increase in EU GDP	Information concerning methodology	Source
Single market integration	4.25 after 5 or 6 years, 6.25% in the long run	Covers EU-12. Partial equilibrium model	Cecchini et al. (1988) ^{T1}
	0.5% for immediate static effects, 1.2-2.6% when including dynamic long-run effects	General equilibrium model	Harrison et al. (1994) ^{T2}
Elimination of intra-EU goods and services barriers	10% in the long run	General equilibrium model. Estimation based on long-run steady state accounting for dynamic effects. Applies to goods and services.	Straathof et al. (2008) ^{T3}
	14% by 2020	Based on the MIRAGE computable general equilibrium (CGE) model, simulations applied to scenarios covering 2011-2020, accounting for dynamic effects.	Aussilloux et al. (2011) ^{T4}
A 50% reduction of intra-EU goods and services barriers	An increase in the EU's GDP by around USD 1 trillion in 2025 (in 2007 prices), or equivalent to around 4.7% of the EU's GDP	Based on the MIRAGE computable general equilibrium (CGE), model simulations covering the period 2012-2025. Covers EU-27.	Decreux (2012) ^{T5}
Overcoming market fragmentation in six economic sectors	An increase in the EU27 economy by 1.6% in the long run	Based on an analysis of productivity gaps in six sectors (retail trade; business services; accommodation; logistics; wholesale trade; construction), which account for 20.2% of the total EU labour productivity gap. Covers EU-27.	London Economics / PwC (2013) ^{T6}

Source: Compiled by Civic Consulting; individual sources specified in table.

As shown in the table, recent studies using more advanced general equilibrium models and better datasets, particularly regarding barriers in the services sector, have estimated that a complete elimination of barriers to intra-EU trade in goods and services could result in up to a 14% increase as early as 2020, depending on the assumptions made.

Despite this, ex-post analyses have since measured the observed impact of the single market on growth and have generally estimated the real gains to be smaller. The table below again outlines the main studies identified concerning estimations of the ex-post impact of the single market on growth. Some of the studies focus on the direct impact of the single market while others take a broader approach focusing on the various steps in the European integration process.

Table 7: Overview of research on ex-post impacts on growth

Driver of impact measured	Estimation of increase in EU GDP	Information concerning methodology	Source
Single market integration	About 1% over 1992-1994	Aggregation of 38 studies and one business survey. Covers EU-12	Monti (1997) ^{T7}
	1.8% over 1992-2002	Using Commission's QUEST general equilibrium model. Covers EU-25.	European Commission (2003) ^{T8}
	2.2% over 1992-2006	Using Commission's QUEST general equilibrium model. Without the 2004 enlargement, the impact on EU GDP would be below 2%. Covers EU-25.	Ilzkovitz et al. (2007) ^{T9}
	4.8-5.7% since 1987	Unidentified	European Commission (2010) ^{T10}
	2.13% over 1992-2008	Unidentified	European Commission (2012) ^{T11}
European integration process	2-3% over 1958-2005	Gravity equation model accounting for trade diversion effects.	Straathof et al. (2008) ^{T12}
	5% over 1950-2008	Counterfactual assessment based on each individual step of European integration. Covers EU-25.	Boltho and Eichengreen (2008) ^{T13}
	12% over 1973-2004	Counterfactual assessment based on enlargement Member States	Campos et al. (2014) ^{T14}
	A one-point increase of the EU integration index is associated with a rise in the growth rate of the real GDP per capita of 0.08 percentage points, over 1992-2012	Based on a counterfactual assessment applying a composite index of EU integration for 14 EU Member States	Petersen et al. (2014) ^{T15}

Source: Compiled by Civic Consulting; individual sources specified in table.

As shown in the table, the ex-post gains measured across the various studies generally appear markedly lower than those identified in ex-ante studies. And while there are some discrepancies in the estimates, when accounting for differences in the time periods for which they apply, the contribution of the single market to growth appears broadly constant (for those assessments measuring the pure impact of the single market). These estimates can also be compared with other studies that focus more specifically on the impact of the European integration process since the 1950s, which generally obtain a much smaller effect for a given period of time (although this is likely due to the differences in the focus of the studies).

Several factors may explain the differences noted between the ex-ante and ex-post estimates identified. A major problem in ex-post analyses is the absence of a clear control group or counterfactual. That is, it is very difficult to know what would have happened in the absence of the Single Market programme. As a result, it is difficult to isolate its impacts alone from those arising from simultaneous developments, e.g. the impact of globalisation. Methods exist to construct such a counterfactual or control group, however they involve the use of very specific assumptions that make comparisons between studies difficult.¹⁷

Another caveat is that the technological and structural changes that tend to occur at the same time as market liberalisation can have particularly dramatic transformative effects, such that disentangling the pure effect of the single market from other simultaneous effects related to e.g. gains from technological productivity improvements is difficult. An example is the internal market liberalisation of the telecommunications market in the 1990s, which has since seen a complete overhaul in infrastructure, equipment and services.¹⁸

A further problem is that often ex-post estimates focus on the static effects of single market integration on growth (e.g. from immediate savings). The dynamic effects of integration, related to the gradual changes in productivity and efficiency owing to reallocation of capital and labour and innovation over time, are both harder to measure and require the appropriate hindsight to properly appreciate, as the concrete reductions in barriers stemming from legislation may take much longer to materialise. This is also related to the possibility of a critical mass/threshold or tipping point: reduction in barriers to cross-border movement of goods and services and harmonisation of legislation may not lead to the expected market integration until a specific threshold of businesses and consumers sell and purchase goods and services across borders respectively, at which point 'snowball' effects allow for the large predicted economic gains to be achieved.

Finally, it is important to note a potential bias leading to an overestimation of the gains of single market integration in ex-ante studies. First, what is modelled is often a situation of perfect market integration, which can inevitably lead to high estimated impacts on growth. However a range of factors, such as imperfect interpretation, implementation and enforcement of harmonisation legislation, are likely to impede the achievement of a perfect level of integration, and lead to lower gains in reality (and particularly if effects are not observed until a critical mass/threshold is attained, as highlighted above). Second, it is plausible that many commissioned studies have a desired aim at the outset of finding significant positive impacts of single market integration on growth; while the potential bias induced is unlikely to be significant, it should be taken into account nonetheless.

Despite the above caveats that shed light on the reasons for differences in the predicted and observed benefits, the latter are nonetheless significant. To put these figures into perspective, it is estimated that of the 2% and 1.1% increase in the EU-27's GDP over the 2001-2005 and 2006-2011 periods, growth in capital and labour productivity are estimated to have contributed 0.3 and -0.1 percentage points respectively.¹⁹ Overall therefore, the

¹⁷ Without differentiating between ex-post and ex-ante methods, these include comparing developments in the EU to those in the US, or comparing highly productive/efficient EU Member States to worse performing ones, and estimating based on extrapolation what level of growth would be achieved respectively if the same level of integration applied in the EU as the US, or if all Member States were as productive/efficient as the best performers (as cross-country productivity levels are expected to converge in a true single market). This methodology is applied in particular in a recent related study commissioned by the Commission: London Economics/PWC, Study on "The Cost of Non-Europe: The Untapped Potential of the European Single Market", 2013.

¹⁸ As pointed out in Pelkmans, Jacques, The Case for "more Single Market," 2011.

¹⁹ van Ark, Bart, Vivian ChenChen1, Bert Colijn, Kirsten Jaeger, Wim Overmeer, and Marcel Timmer, Recent Changes in Europe's Competitive Landscape and Medium-Term Perspectives: How the Sources of Demand and Supply Are Shaping Up, European Economy, Economic Papers 485, April 2013, 2013. The negative contribution of productivity growth observed in 2006-2011 is to be understood as the effects of a decrease in productivity.

weight of the evidence in the many studies identified above is such that a strong case can nonetheless be made for the potential for the single market to contribute to growth. This conclusion is further explored in Section 5 on conclusions and recommendations.

2.3. The benefits of consumer protection and empowerment for economic growth

As with the deepening of the single market, improving consumer protection and empowerment can also have positive effects on growth. In theory, this can occur through several channels:²⁰

- Increased confidence and trust: Consumers are more inclined to make purchases if they have confidence and trust that their rights and health will be protected, particularly across borders. In addition, making cross-border purchases further opens up the market to foreign suppliers of goods and services, which stimulates competition and thus growth.
- Better decision-making and assertion of rights: If consumers are better informed about markets and their rights, they are both more able to make decisions about selecting and/or switching to the best goods and services available to them, and are more able to complain and seek redress if they are unsatisfied with them. This forces suppliers to become more efficient and innovate, and thus contributes to growth.
- Lower financial detriment from problems: If, thanks to high levels of consumer protection and empowerment, consumers spend less money and time dealing with problems encountered with suppliers than they otherwise would, they may instead spend the money and time freed up on other goods and services (or on switching to similar goods and services). This additional expenditure could thus contribute to growth.
- Signal of high standards for third countries: If consumers from third countries are aware of the high standards of consumer protection and empowerment in the EU, and thus of the quality and safety of goods and services purchased in the EU, they may be more likely to purchase them compared to those produced elsewhere. This would result in a boost in EU exports of those goods and services and thus contributes to growth.²¹

While there is a significant body of literature confirming the theoretical benefits outlined above, little empirical evidence has been identified in the course of this study to support the theory.²² This may be because it is in practice very difficult to disentangle other effects that are conducive to growth. Nonetheless, a major EU-wide survey in 2010 concluded that total ex-post consumer detriment – based on financial losses reported from problems experienced – was equivalent to 0.4% of EU GDP.²³ This indicates that significant savings could be made if the appropriate measures are taken to reduce consumer detriment by improving consumer protection and empowerment, and thus induce a positive impact on growth.

Results from this section are further explored in Section 5 containing conclusions and recommendations.

²⁰ For an overview of the theoretical benefits of consumer protection/empowerment for growth, see BIS, *Empowered Consumers and Growth: Literature Review – Final Report*, by ICF-GHK, 2012.

²¹ In line with findings from Porter, Michael, *The Competitive Advantage of Nations*, 1990.

²² A finding that is corroborated by ICF - GHK, *Consumer Rights and Economic Growth*, 2013. However, there is evidence of positive economic impacts of specific consumer protection legislation (e.g. the Consumer Rights Directive). See Section 3.8.2. for more details.

²³ European Commission, *Special Eurobarometer No 342 – Consumer Empowerment*, 2011; and European Commission, *SEC (2011) 469 - Consumer Empowerment in the EU*, 2011.

3. THE SINGLE MARKET AND CONSUMER PROTECTION & EMPOWERMENT THROUGH THE LENS OF THE EUROPE 2020 FLAGSHIP INITIATIVES

KEY FINDINGS

- A large number of achievements have been made relevant to the single market and consumer protection within the scope of 'A Digital Agenda for Europe', relating to electronic communications, e-commerce/online services and data protection. Major legislation proposed includes the Connected Continent Regulation and Data Protection Reform Package. Evidence suggests that completing the digital single market has significant potential to contribute to growth, with one estimate indicating a possible 2-4% increase in EU GDP by 2020.
- Relevant aspects of 'Innovation Union' relate to breaking down barriers to innovation, improving cross-border access to finance for SMEs and encouraging cross-border mobility of researchers, which may each have beneficial effects on growth. Key achievements include the establishment of a unitary patent system, which is expected to reduce costs of applying for a patent valid EU-wide by 80%.
- Learning and employment mobility of young people constitute the key areas of relevance for the single market under 'Youth on the Move', for which available evidence indicates a potential positive impact on the EU economy. A major achievement is the regulation establishing Erasmus+, which combines the EU's education, training, youth and sport schemes into one integrated programme.
- Significant achievements have been made within the scope of 'Resource-efficient Europe' relevant for the single market and consumer protection and empowerment in the energy and transport sectors. Major legislation adopted in the energy sector includes the Third Energy Package, while for several transport modes fresh single-market initiatives have been proposed, accompanied by a well-developed framework for passenger rights. Significant growth potential is also evident: according to estimates, liberalisation of gas and electricity markets could raise EU GDP by 0.6-0.8% over 2011-2020, while supply- and demand-side effects of air transport liberalisation could, respectively, raise EU GDP by 1.8% and 1.3% over 2005-2025.
- Relevant achievements as part of 'An industrial policy for the globalisation era' relate mainly to industrial products, as well as specific areas such as combating late payments, business services, and entrepreneurship. Major legislation proposed includes the Product Safety and Market Surveillance Package. Addressing the remaining barriers to intra-EU trade in goods could be highly beneficial; one estimate shows that full integration of goods markets could result in a 2.2-8.8% increase in EU GDP in the long run.
- Labour mobility is the main aspect relevant to the single market in 'An agenda for new skills and jobs'. Major legislation adopted includes the revised Professional Qualifications Directive. Research suggests labour mobility stimulates growth: one study finds the immigration of four million people from eight of the countries acceding to the EU in 2004 could lead to a long-run increase of 0.6% in EU GDP.
- Finally, actions under 'European Platform against Poverty and Social Exclusion' relevant to the single market relate primarily to social enterprise, which may also induce growth. A key achievement was the launch of the Social Business Initiative.

In this section, for each of the Europe 2020 flagship initiatives, we present:

- An overview of the flagship initiative and progress in achieving the Europe 2020 objectives;
- Achievements identified relevant to the single market and consumer protection & empowerment during the 7th legislature, and remaining barriers;
- Evidence identified of impacts on economic growth of actions relevant for the single market or consumer protection in the areas related to the flagship initiative; and
- Conclusions on key single market- and/or consumer protection-related achievements under the flagship initiative and related contributions to growth.

A final section presents relevant horizontal single market or consumer protection initiatives supporting the flagship initiatives.

3.1. Flagship initiative 1: A Digital Agenda for Europe

3.1.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'A Digital Agenda for Europe' aims to achieve the wider deployment and more effective use of digital technologies in order to encourage economic growth and improve the daily life of European citizens and businesses. The ICT sector is viewed as having enormous economic potential, already accounting for 5% of Europe's GDP and a significant share of its productivity growth (20% directly from the ICT sector and 30% from ICT investments in other sectors).²⁴ However, major barriers to the effective development of the digital economy have been identified, including fragmented digital markets, lack of interoperability, insufficient innovation and investment, lack of trust in digital networks and a deficit of digital literacy. The flagship initiative aims to overcome these obstacles and thereby properly equip the EU to take advantage of the opportunities offered by new digital technologies, which is regarded as particularly important in view of the gap that has opened up between the EU and many of its economic partners in this sector.²⁵ The initiative is structured into seven pillars, namely the Digital Single Market; interoperability and standards; trust and security; fast and ultra-fast Internet access; research and innovation; enhancing digital literacy, skills and inclusion; and ICT-enabled benefits for EU society.

²⁴ European Commission, COM (2010) 245 Final - A Digital Agenda for Europe, 2010, p. 4.

²⁵ For example, as of 2010 the penetration of fibre-based high-speed networks in the EU was only 1%, while in Japan it was 12% and in South Korea 15%. Ibid. p. 5.

Box 1: EU goals under the 'A Digital Agenda for Europe' flagship initiative²⁶

- Provide a stable legal framework that stimulates investments in an open and competitive high speed internet infrastructure and in related services;
- Develop an efficient spectrum policy;
- Facilitate the use of the EU's structural funds in pursuit of this agenda;
- Create a true single market for online content and services (i.e. borderless and safe EU web services and digital content markets) with high levels of trust and confidence, a balanced regulatory framework with clear rights regimes, the fostering of multi-territorial licences, adequate protection and remuneration for rights holders and active support for the digitisation of Europe's rich cultural heritage, and to shape the global governance of the internet;
- Reform the research and innovation funds and increase support in the field of ICTs so as to reinforce Europe's technology strength in key strategic fields and create the conditions for high growth SMEs to lead emerging markets and to stimulate ICT innovation across all business sectors;
- Promote internet access and take-up by all European citizens, especially through actions in support of digital literacy and accessibility.

In order to measure the progress of the Digital Agenda, a number of key performance targets were adopted.²⁷ Much progress has been made towards achieving these, as explained in the Digital Agenda Scoreboard 2014. In particular it notes that:

- Internet usage stood at 72% in 2013, up from 60% in 2009;
- The share of the population buying online had increased to 47% by 2013, up ten percentage points since before the start of the Digital Agenda;
- By 2013, 62% of the population had access to high-speed broadband, which is more than double the figure from 2010 (29%).

Nonetheless, progress in some areas has not been sufficient. Specifically:

- The use of eGovernment by citizens grew by only four percentage points over the four years between 2009 and 2013, and is stagnating in some countries;
- Only 14% of SMEs were selling online in 2012, an increase of just two percentage points in four years;
- Public investment in ICT research and development is not growing fast enough to achieve the targeted doubling by 2020;
- Cross-border shopping has grown, reaching 12% by 2013 (up from 8% in 2009), but the growth rate has not been fast enough to reach the goal of 20% by 2015.²⁸

3.1.2. Achievements relevant to the Single Market and consumer protection & empowerment during the 7th legislature, and remaining barriers

The main areas covered by the flagship initiative 'A Digital Agenda for Europe' that relate to the single market or consumer protection & empowerment are electronic communications; e-commerce and online services; and data protection and network and information security. In this section we outline key achievements in these areas. First we address those relevant for the single market, followed by those that relate to consumer protection & empowerment.²⁹

²⁶ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010, p. 14 (extracts).

²⁷ For a full list, see European Commission, COM (2010) 245 Final - A Digital Agenda for Europe, 2010, pp. 40-41.

²⁸ European Commission, Digital Agenda Targets - Progress Report, 2014, p. 3, 5, 6 and 7.

²⁹ This distinction is not made in the section on data protection and information and network security, as single market and consumer protection & empowerment achievements in this area are considered one and the same.

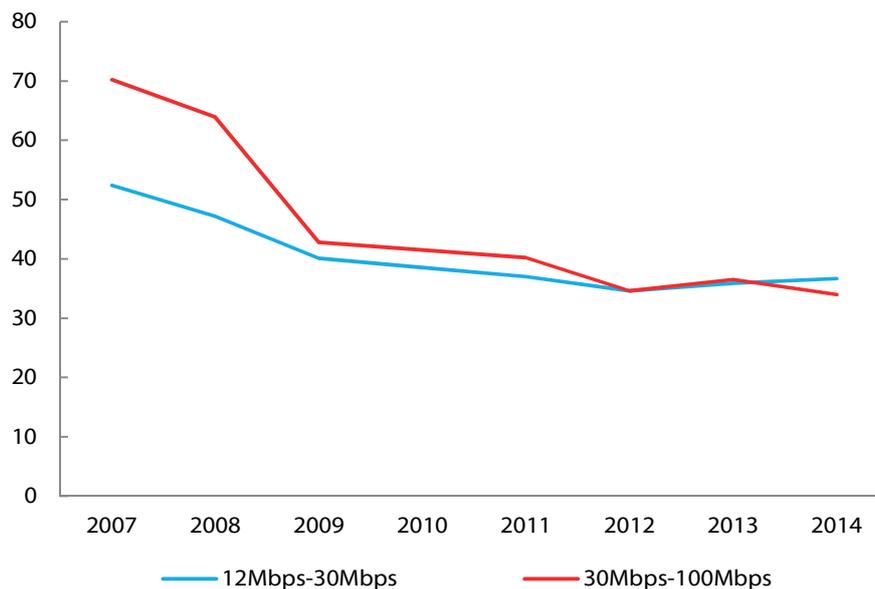
Electronic communications

Key achievements in furthering the single market

The creation of a single market for electronic communications is seen as an essential part of the Digital Agenda flagship initiative. The existence of barriers within the Single Market limits the economic potential of the electronic communications sector and brings detriment for consumers and businesses, for example through high mobile roaming costs or lack of regulatory clarity. However, much work has been undertaken to overcome these obstacles. The regulatory framework was significantly revised in 2009 with the Telecoms Package, which included the Better Regulation and Citizens' Rights Directives, as well as two new regulations to cut mobile roaming charges and create a body of European regulators for electronic communications (BEREC). A subsequent regulation was introduced in 2012 to further limit roaming charges. In September 2013 the Commission announced more legislative action, proposing a 'Regulation for a Connected Continent'. The proposal aims, among other things, to simplify and reduce regulation, standardise wholesale products, achieve more co-ordination of spectrum allocation and eliminate roaming charges.

There are indications that legislation to further the single market for electronic communications has already had positive results. According to the Commission, EU legislation in this sector has led to a 30% reduction in overall telecommunication prices during the past decade.³⁰ The figure below displays the development of prices for standalone broadband offers between 2007 and 2014. As it shows, the median price of offers with a speed of 30 to 100 Mbps has decreased from EUR 70 to EUR 34 during this period.

Figure 2: Broadband retail prices (in EUR PPP) – Standalone offers, 2007-2014



Source: Van Dijk, Broadband Internet Access Cost (BIAC), annual studies. Note: Data for 2010 is missing, but has been extrapolated.

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the Single Market in the electronic communications sector, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

³⁰ European Parliamentary Research Service, Towards a European Single Market for Telecoms, 2013, p. 3.

Table 8: Key legislative and policy achievements under the 7th legislature in the electronic communications sector relevant for the single market

Achievement	Key aspects relevant for the single market
Proposal for a Connected Continent Regulation ³¹	Aims to simplify and reduce regulation for companies (for example through the creation of single authorisation for operating in all 28 Member States); allow for more coordination of spectrum allocation (to facilitate the emergence of more wireless broadband, and 4G, as well as pan-EU mobile companies with integrated networks); standardise wholesale products (to encourage more competition between more companies); and put an end to roaming premiums (with a view to eliminating them by 2016 or earlier). ³²
Adoption of Roaming Regulations ³³	Set limits on roaming charges within the EU. The regulation from 2009 cut roaming prices for voice calls (which had initially been limited in Regulation 717/2007) and introduced caps on SMS charges. Prices for voice calls were limited once again by the 2012 regulation, which also extended the price cap on roaming charges to data usage. ³⁴
Adoption of the Telecoms Package ³⁵	The Telecoms Package was adopted to promote efficient competition, innovation and investment in new infrastructures. Among other things it provides the Commission with greater powers in regard to competition remedies for the telecom markets and encourages investment in next generation access (NGA) networks. While promoting competition in the sector, it aims to ensure that any access obligation takes appropriate account of the risk incurred by the investing undertakings. Measures are also included to improve the management of radio spectrum and make it effectively available for wireless broadband services in regions where building a new fibre infrastructure is too costly. Additionally, the package establishes a Body of European Regulators for Electronic Communications, BEREC, to ensure more transparent and effective co-operation between regulators. It also provides national telecoms regulators with greater independence from political interference. ³⁶

Source: Civic Consulting, based on sources indicated in table.

Nonetheless, the European communications market remains fragmented along national lines. Despite the existence of 200 operators across the EU, none of these is present in more than half of Member States (as of September 2013), with operators tending to focus on their home market.³⁷ Significant barriers to cross-border provision of services by

³¹ Outlined in European Commission, COM (2013) 627 final - A proposal for a regulation laying down measures concerning the European single market for electronic communications and to achieve a Connected Continent, and amending Directives 2002/20/EC, 2002/21/EC and 2002/22/EC and Regulations No 1211/2009 and No 531/2012, 2013.

³² http://europa.eu/rapid/press-release_MEMO-13-779_en.htm.

³³ Regulation No 544/2009 and Regulation No. 531/2012.

³⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:167:0012:0023:EN:PDF;>
<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32012R0531&from=EN>.

³⁵ Consisting of Better Regulation Directive 2009/140/EC, the Citizens' Rights Directive 2009/136/EC and the Regulation on BEREC No 1211/2009. The Telecoms Package amended the Framework Directive 2002/21/EC, Access Directive 2002/19/EC, Authorisation Directive 2002/20/EC, Universal Service Directive 2002/22/EC and Directive on Privacy and Electronic Communications 2002/58/EC.

³⁶ http://europa.eu/rapid/press-release_MEMO-09-513_en.htm?locale=en.

³⁷ European Commission, COM (2013) 627 Final - Proposal for a Connected Continent Regulation, 2013, p. 4.

electronic communications operators still exist, such as divergences in operating costs, for example in regard to radio spectrum (although co-ordination of spectrum could be improved by the Connected Continent Regulation). The continued fragmentation of the market brings with it major disadvantages, for example by discouraging investment in new infrastructure (such as high-speed networks). Moreover, lack of competition has negative effects on consumers, who suffer from less choice and lower quality services. Although electronic communication prices have decreased, there remains significant price divergence between Member States. For example, in 2014, the median price for a standalone broadband offer with a download speed between 30 and 100 Mbps was EUR 22 in Lithuania, but was EUR 102 in Malta.³⁸ While the Commission's proposal for a Connected Continent Regulation aims to reduce fragmentation, it avoids carrying out a major reform of the regulatory framework – including in regard to the supervision of national markets – so as not to cause disruption for operators who wish to maintain a national focus.³⁹ It also refrains from creating a system for EU-wide allocation of wireless spectrum, although it contains provisions to improve co-ordination. A recent cost of non-Europe report assessed that the proposal, if accepted, would improve integration considerably, but would probably not succeed in creating a genuine single market for electronic communications.⁴⁰

Key achievements in improving consumer protection & empowerment

The amendments made to the regulatory framework within the scope of the Telecoms Package (see above) also included changes in consumer protection regulation. The Better Regulation and Citizens' Rights Directives both altered consumer rights provisions, specifically through the amendments to the original Framework Directive of 2002 and the Universal Services and Privacy and Electronic Communication Directives. Changes to consumer protection regulation in this period included the introduction of new rights in the areas of information transparency, switching and number portability. Moreover, the proposal for a Connected Continent Regulation also contains provisions to strengthen consumers' rights in the sphere of electronic communications. Among other things these address and improve contractual information requirements, the transparency and comparability of information provided by the operator, switching rights, cross-border dispute resolution procedures and the provision of facilities to monitor consumption and avoid unexpectedly high bills. The proposal also contains provisions regarding net neutrality, although some stakeholders have doubts regarding how effective these will be.⁴¹

The table below describes key legislative/policy achievements under the 7th legislature relevant for consumer protection and empowerment in the electronic communications sector, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

³⁸ European Commission, Digital Agenda Scoreboard: Broadband Markets, 2014, p. 26.

³⁹ European Commission, COM (2013) 627 Final - Proposal for a Connected Continent Regulation, 2013, p. 9.

⁴⁰ European Parliamentary Research Service, The Cost of Non-Europe in the Single Market II - Services, 2014, pp. 61-62.

⁴¹ See for example: European Data Protection Supervisor, Opinion of the European Data Protection Supervisor on the Proposal for a Regulation of the European Parliament and of the Council Laying Down Measures Concerning the European Single Market for Electronic Communications and to Achieve a Connected Continent, 2013; http://www.beuc.org/publications/beuc-x-2014-020_gbe_telecoms_single_market_proposal-key_issues.pdf.

Table 9: Key legislative and policy achievements under the 7th legislature in electronic communications relevant for consumer protection & empowerment

Achievement	Key aspects relevant for consumer protection & empowerment
Adoption of Better Regulation and Citizens' Rights Directives ⁴²	Introduces a range of new measures to protect and empower consumers, including the right to change fixed or mobile operator within one working day while maintaining the same phone number, as well as new information requirements for consumer contracts (including on minimum service quality levels, subscriber's options to be listed in telephone directories and clear information on the qualifying criteria for promotional offers). A new internet freedom provision should protect citizens' rights relating to internet access, while national telecoms authorities now have the powers to set minimum quality levels for network transmission services so as to promote 'net neutrality' and 'net freedoms' for European citizens. Further provisions relate to protection against personal data breaches and spam, as well as better access to the emergency services from new technologies. ⁴³
Proposal for a Connected Continent Regulation ⁴⁴	Relevant measures proposed include those to protect net neutrality, such as a ban on the blocking and throttling of internet content. Consumers would be allowed to check whether the actual speed of their internet connection matches that which they have paid for, and to step out of the contract if this is not the case. In addition, the right to a plain language contract, greater switching rights, the right to a 12-month contract and the right to have emails forwarded to a new address after switching provider are all foreseen. Consumers will also benefit from the plans to eliminate roaming charges. ⁴⁵

Source: Civic Consulting, based on sources indicated in table.

The introduction of legislation improving consumer protection and empowerment in the electronic communications sector appears to have already had a positive impact in some areas. According to the 10th edition of the Consumer Markets Scoreboard, switching rates were higher for telecommunications than for other services, with 23% of those surveyed having switched their mobile telephone provider and 19% their internet provider.⁴⁶ The sector also received an above-average score for comparability. A consumer survey carried out in 2012 noted that those respondents who had switched reported saving on average EUR 14.7 per month as a result.⁴⁷ Nonetheless, of all the market sectors surveyed in the 10th Consumer Markets Scoreboard, telecommunications had the highest rate of problems and complaints, as well as relatively low scores for trust, choice of providers and overall satisfaction.⁴⁸ Moreover, a third of respondents to the consumer survey of 2012 reported experiencing problems with their internet provider in the preceding 12 months.⁴⁹

⁴² Directive 2009/140/EC and Directive 2009/136/EC.

⁴³ http://europa.eu/rapid/press-release_MEMO-09-513_en.htm?locale=en.

⁴⁴ Outlined in COM (2013) 627 final.

⁴⁵ http://europa.eu/rapid/press-release_IP-13-828_en.htm.

⁴⁶ European Commission, SWD (2014) 212 Final - Consumer Markets Scoreboard - Making Markets Work for Consumers, 2014, p. 39.

⁴⁷ Civic Consulting, Consumer Market Study on the Functioning of the Market for Internet Access and Provision from a Consumer Perspective, 2012, p. 10.

⁴⁸ SWD (2014) 212 Final - Consumer Markets Scoreboard - Making Markets Work for Consumers, 2014, p. 22.

⁴⁹ Civic Consulting, Consumer Market Study on the Functioning of the Market for Internet Access and Provision from a Consumer Perspective, 2012, p. 5.

The adoption of the proposed Connected Continent Regulation may help improve consumer satisfaction with electronic communication providers. However, the European Consumer Organisation (BEUC) has expressed concerns with some of the provisions included in the proposal, regarding inter alia contract termination and penalty fees for switching, as well as the means foreseen to eliminate roaming charges. It also points to further issues that have not yet been addressed, arguing that legislation is necessary to ensure that equipment (e.g. modems, routers) cannot be locked into a specific provider, to enable consumers to accumulate unused credit (minutes, text messages and data allowances), to regulate Deep Packet Inspection (DPI) and to include the right to withdrawal in pre-contractual information requirements.⁵⁰ Furthermore, there remain doubts as to how effectively the regulation would protect net neutrality, as mentioned above.

E-commerce and online services

Key achievements in furthering the single market

The Digital Agenda flagship initiative also focuses on encouraging the development of online commerce and services, with the expansion of the Single Market in this area seen as vital. Much legislation has been introduced to address the remaining obstacles, which include payment difficulties, regulatory barriers and lack of consumer trust in cross-border transactions. The adoption of the Single Euro Payments Area (SEPA) Regulation in 2012, for example, established a single market for retail payments within the euro area, and in 2013 the Commission announced a proposal for new rules on Payment Services.⁵¹ In addition, the creation a Common European Sales Law has been proposed to simplify the regulatory environment and cut transaction costs, while a regulation on electronic identification and trust services has been adopted with the aim of increasing trust in online transactions.⁵² A further issue is the opening up of access to content and allowing it to flow freely across borders, which has been furthered by the adoption of the Directive on Collective Management of Copyright and the Directive on Orphan Works.⁵³ Other areas where progress has been made are cloud computing, with the Commission announcing its cloud computing strategy in 2012,⁵⁴ and e-invoicing for public procurement, with a new directive adopted in 2014.⁵⁵

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the Single Market in the e-commerce and online service sectors, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

⁵⁰ BEUC, Telecoms Single Market – Achieving a Connected Continent, 2013; BEUC, Telecoms Single Market – Key Priorities for BEUC, 2014.

⁵¹ Corresponds to key action 8 of the Single Market Act II ‘Support online services by making payment services in the EU more efficient’. See Section 3.8.1 for further details on the Single Market Acts and an overview of the state of play of the various key actions of the Single Market Acts.

⁵² This corresponds to one of the actions foreseen in the Single Market Act I relating to the digital single market.

⁵³ The adoption of these Directives was one element of the measures foreseen in the Single Market Act I relating to intellectual property.

⁵⁴ Outlined in COM(2012) 529 final.

⁵⁵ This corresponds to key action 10 of the Single Market Act II ‘Make electronic invoicing the standard invoicing mode for public procurement’.

Table 10: Key legislative and policy achievements under the 7th legislature in the e-commerce and online service sectors relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of the SEPA Regulation ⁵⁶	Aims at establishing a European Single Market for retail payments, allowing citizens, businesses and public authorities to make and receive payments throughout the euro area with the same basic conditions, rights and obligations, regardless of their location. Among other things this enables people with a bank account in the euro area to use their debit card and set up direct debits in any other country within in it. ⁵⁷
Adoption of Regulation on Cross-Border Payments in the Community ⁵⁸	Eliminates differences in charges for cross-border and national payments in euro. The legislation applies to all electronically processed payments in euro in all Member States, including credit transfers, direct debits, withdrawals from cash machines, payments by means of debit and credit cards, and money remittance. It was amended by the SEPA Regulation in 2012. ⁵⁹
Proposal for a new directive on Payment Services ⁶⁰	A revised Payment Services Directive (PSD) would facilitate and render more secure the use of low-cost internet payment services by including within its scope new so-called payment initiation services (services that operate between the merchant and the purchaser's bank, allowing for cheap and efficient electronic payments without the use of a credit card). It also proposes to promote the emergence of new players and the development of innovative mobile and internet payments. A regulation on interchange fees, combined with the revised PSD, would introduce maximum levels of interchange fees for transactions based on consumer debit and credit cards, and ban surcharges on these types of cards. ⁶¹
Proposal for a Common European Sales Law ⁶²	Would give traders the choice to sell their products to citizens in another Member State on the basis of a single set of contract law rules, which would stand as an alternative alongside the national contract law of each Member State. Parties to a cross-border sales contract anywhere in the EU would be able to choose to apply the Common European Sales Law. ⁶³
Adoption of Regulation on electronic identification and trust services ⁶⁴	Creates a European internal market for electronic Trust Services (eTS) by ensuring that they will work across borders and have the same legal status as traditional paper-based processes. Enhanced legal certainty and the mutual recognition of eTS across the EU should create a predictable regulatory environment to enable secure and seamless electronic interactions between businesses and citizens. This will increase the effectiveness of online services, eBusiness and e-commerce in the EU. ⁶⁵

⁵⁶ Regulation No 260/2012; amended by Regulation No 248/2014 .

⁵⁷ See http://ec.europa.eu/internal_market/payments/sepa/index_en.htm for more details.

⁵⁸ Regulation No 924/2009.

⁵⁹ See http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm for more details.

⁶⁰ Outlined in COM(2013) 547 final and COM (2013) 550 final.

⁶¹ See http://europa.eu/rapid/press-release_IP-13-730_en.htm for more details.

⁶² Outlined in COM(2011) 635 final.

⁶³ See http://ec.europa.eu/justice/contract/cesl/index_en.htm for more details.

⁶⁴ Regulation No 910/2014.

⁶⁵ See <http://ec.europa.eu/digital-agenda/en/trust-services-and-eid> for more details.

Achievement	Key aspects relevant for the single market
Adoption of Directive on Collective Management of Copyright ⁶⁶	Aims at improving the way all collective management organisations are managed by establishing common governance, transparency and financial management standards. The new rules will also ease the multi-territorial licensing by collective management organisations of authors' rights in musical works for online use. ⁶⁷
Adoption of Directive on Orphan Works ⁶⁸	Sets out common rules on the digitisation and online display of so-called orphan works. Orphan works are part of the collections held by European libraries that might remain untouched without common rules to make their digitisation and online display legally possible. ⁶⁹
Roadmap for completing the Single Market for parcel delivery ⁷⁰	Sets out the most important issues concerning the incomplete single market for parcel delivery, with the aim of ensuring tangible improvements as soon as possible. Its three main objectives are increased transparency and information, improved availability, quality and affordability of delivery solutions, and enhanced complaint handling and redress mechanisms. ⁷¹
Adoption of Directive on electronic invoicing in public procurement ⁷²	Aims to facilitate the use of e-invoicing in Europe by removing market barriers resulting from insufficient interoperability between e-invoicing systems and setting out rules for the reception of e-invoices by the public sector. Specifically, the directive calls for the development of a European standard for e-invoicing, and obliges all contracting authorities and contracting entities across the EU to receive and process e-invoices complying with the future standard. ⁷³
Adoption of revised public procurement directives ⁷⁴	Introduces a number of simplified rules and procedures, as well as broadening the possibilities for negotiation. The documentation required is reduced, notably through the compulsory acceptance of self-declarations from bidders (through a standardised European Single Procurement Document). The mandatory use of electronic communication in public procurement applies from September 2018. ⁷⁵

Source: Civic Consulting, based on sources indicated in table.

An indication that legislation in the e-commerce and online services sector may have proven successful in boosting online commerce is the fact that 47% of the EU's population was shopping online (both domestically and cross-border) by 2013.⁷⁶ This represents an increase of ten percentage points since the Digital Agenda's inception, and it is predicted that the target of 50% by 2015 should be reached. However, as shown by the graph below, cross-border online shopping is significantly lagging behind domestic e-commerce. While the share of the EU's population ordering cross-border rose from 8% in 2009 to 12% in

⁶⁶ Directive 2014/26/EU.

⁶⁷ See http://ec.europa.eu/internal_market/copyright/management/index_en.htm for more details.

⁶⁸ Directive 2012/28/EU.

⁶⁹ See http://ec.europa.eu/internal_market/copyright/orphan_works/index_en.htm for more details.

⁷⁰ Outlined in COM (2013) 886 final.

⁷¹ Ibid.; also see: http://europa.eu/rapid/press-release_IP-13-1254_en.htm?locale=en.

⁷² Directive 2014/55/EU.

⁷³ See http://ec.europa.eu/internal_market/publicprocurement/e-procurement/e-invoicing/index_en.htm for more details.

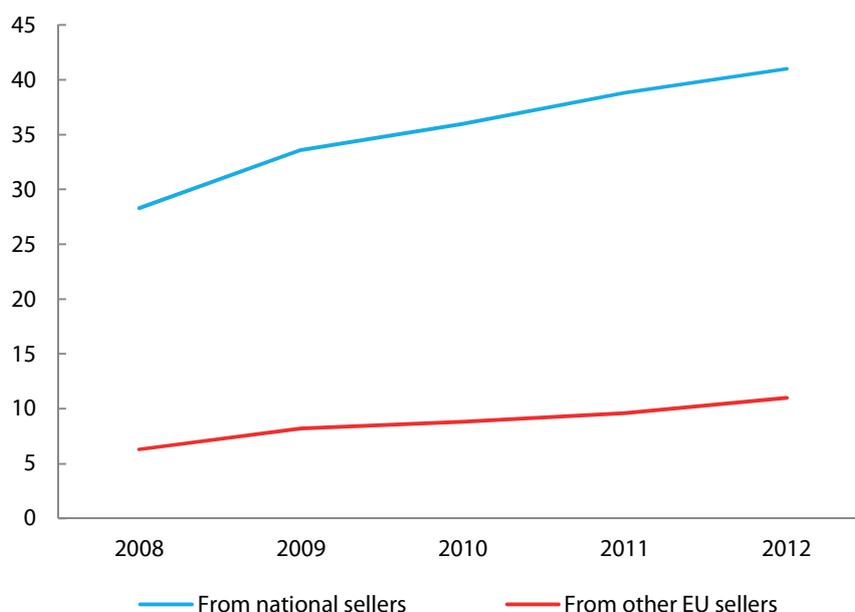
⁷⁴ Directive 2014/24/EU replacing directive 2004/18/EC and Directive 2014/25/EU replacing directive 2004/17/EC.

⁷⁵ European Commission, New Rules on Public Contracts and Concessions, 2014. Also: http://europa.eu/rapid/press-release_MEMO-14-20_en.htm?locale=en.

⁷⁶ European Commission, Digital Agenda Targets - Progress Report, 2014, p.6.

2013, the percentage taking part in domestic online shopping rose from 33% to 42%.⁷⁷ Moreover, only 25% of retailers who responded to a 2012 Eurobarometer reported that they sold to at least one EU country other than their own.⁷⁸ Reasons given for not selling cross-border included additional costs linked to compliance with different consumer protection rules and contractual terms (41%) and potentially higher risks resulting from fraud and non-payment (41%). Another reason was additional costs of compliance with different national tax regulations (36%).⁷⁹

Figure 3: Percentage of European population buying online (divided by national sellers and other EU sellers)



Source: Eurostat Community Survey on ICT usage in households and by individuals. 2012 (isoc_ec_ibuy) – ‘From whom did you buy or order goods or services for private purpose over the Internet in the last 12 months?’

Although the achievements described above may help to improve these issues, it is likely that certain gaps and barriers will remain. Indeed, it is considered possible that the introduction of an optional Common European Sales Law, which would create an additional layer of legislation, may add to confusion for consumers.⁸⁰ In regard to the eID Regulation, one gap identified relates to the lack of a (voluntary) European eID scheme for legal persons, although it should be noted that barriers to the development of legal signatures (including for legal persons) are considered primarily caused by technical and practical implementation issues.⁸¹ Furthermore, a recent study on the cost of non-Europe in the Digital Single Market considered a major gap in the Commission’s cloud computing strategy to be a lack of proposals for legislation. It noted in particular legal uncertainty in regard to cloud computing contracts, which deters businesses and consumers from making use of cloud computing, and there are doubts as to whether the Commission’s strategy will sufficiently deal with this situation.⁸²

⁷⁷ Eurostat: isoc_ec_ibuy.

⁷⁸ TNS Political & Social / European Commission, Flash Eurobarometer 359: Retailers’ Attitudes Towards Cross-Border Trade and Consumer Protection, 2013, p. 5.

⁷⁹ Ibid., p. 26.

⁸⁰ European Parliamentary Research Service / GHK, The Cost of Non- Europe in the Single Market III - Digital Single Market, 2014, p. 38.

⁸¹ Ibid., p. 56, p. 66.

⁸² Ibid., pp. 48-50.

In regard to payment services, a considerable amount of fragmentation continues to exist. However, the above-mentioned study considered that the implementation of SEPA and the adoption of the proposal for a new directive on payment services would contribute significantly towards closing these gaps. Remaining barriers were considered to be primarily non-legislative, relating more to informational and implementation issues, and resulting from variation in business practices between Member States⁸³ (elsewhere gaps relating to lack of technical standardisation have also been stressed).⁸⁴ Likewise, the study could not identify any specific legislative gaps in regard to postal and parcel delivery services. Instead it highlighted lack of knowledge among consumers and e-retailers regarding the availability of various delivery services and options.⁸⁵ Nonetheless, implementation of existing legislation appears to be an issue.

Key achievements in improving consumer protection and empowerment

Recent legislation regarding online consumer rights has focused on transparency of information and the right to return unwanted goods. In 2011 the Consumer Rights Directive was adopted, with the legislation entering into force in June 2014. This introduced a range of improved consumer rights relevant for e-commerce and online services, including an extension of the right of withdrawal period to 14 days, an elimination of surcharges for credit card use and new provisions to increase price transparency and protect consumers against hidden costs. To help ensure its uniform and consistent application, the Commission also published an accompanying guidance document.⁸⁶ In addition to the Consumer Rights Directive, consumers should also profit from the introduction of more general legislation on the single market for e-commerce and online services (as described in the previous subsection). These rules are expected to provide consumers with cheaper and more secure payment methods, better quality parcel delivery and increased access to content, as well as improved protection and more legal certainty when shopping cross-border. Furthermore, legislation has been adopted aiming to improve the provision of dispute resolution mechanisms,⁸⁷ while the Commission's Recommendation on Collective Redress sets out a series of common, non-binding principles for collective redress mechanisms to enable consumers to more effectively protect their rights in the digital environment.

The strengthening of consumer protection/empowerment is likely to encourage the growth of e-commerce, in particular cross-border, and the online services sector, which in turn will bring consumers benefits in terms of increased choice. According to a survey carried out in 2010, 44% of Europeans are discouraged from making cross-border purchases within the EU as the result of uncertainty about their rights.⁸⁸ Another survey, conducted in 2012, established that only 36% of European consumers feel confident about making a purchase from a vendor based in another EU country, compared to 59% who feel confident about purchasing from a domestic vendor.⁸⁹ There are indications that more harmonised legislation could play a role in countering this lack of confidence, as 31% of consumers

⁸³ European Parliamentary Research Service / GHK, *The Cost of Non- Europe in the Single Market III - Digital Single Market*, 2014, p. 58-61, p. 74.

⁸⁴ European Commission, COM (2011) 941 final – *Towards an integrated European market for card, internet and mobile payments*, 2011.

⁸⁵ *Ibid.*, pp. 75-76.

⁸⁶ See http://ec.europa.eu/justice/consumer-marketing/files/crd_guidance_en.pdf. The document attempts to achieve a uniform and consistent implementation of the Consumer Rights Directive. To this end, it provides guidance on the directive's key concepts and provisions. It also includes practical examples that show how the directive should work.

⁸⁷ This corresponds to one of the actions foreseen by the Single Market Act I in relation to consumer rights.

⁸⁸ The Gallup Organisation / European Commission, *Flash Eurobarometer 299a: Attitudes towards Cross- Border Trade and Consumer Protection - Analytical Report*, 2011, p. 5.

⁸⁹ TNS Political & Social / European Commission, *Flash Eurobarometer 358 - Consumer Attitudes Towards Cross-Border Trade and Consumer Protection*, 2013, p. 5.

would be more willing to purchase goods or services from a supplier abroad if uniform EU-wide rules were applied. While an almost equally large number (29%) would be less willing to do so, there was a much clearer preference for EU-wide legislation among respondents who had already made a cross-border purchase in the previous twelve months: 46% would be more willing, while only 12% would be less so.⁹⁰

In regard to remaining gaps, it is worth highlighting some issues which remain unclear despite the adoption and recent entering into force of the Consumer Rights Directive. For example, although it introduces new provisions regarding digital content (in particular pre-contractual information requirements), a lack of clarity has been perceived regarding the right of consumers to redress after purchasing digital content that they consider to be inadequate.⁹¹ Another gap relates to transactions that take place between consumers on online auction sites. While the directive extended the right of withdrawal to include online auctions, this only applies if the product has been purchased from a professional seller, but not if the product was purchased from another consumer.⁹²

The table below describes key achievements under the 7th legislature in further detail, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

Table 11: Key legislative achievements under the 7th legislature in the e-commerce and online service sectors relevant for consumer protection and empowerment

Achievement	Key aspects relevant to consumer protection & empowerment
Adoption of Consumer Rights Directive ⁹³	Introduces new provisions to protect consumers when buying online. This includes laying down information requirements for distance and off-premises contracts (in regard to digital content this refers particularly to information about functionality and interoperability). Furthermore, the legislation should eliminate hidden costs by ensuring that consumers are adequately informed about what they are purchasing and its total price (e.g. banning pre-ticked boxes). It also introduces a range of new rights in regard to returning unwanted items, such as extending the right of withdrawal period to 14 days. In addition, it eliminates surcharges for credit card payments. ⁹⁴
Proposal for initiatives to protect consumers in the area of online gambling ⁹⁵	Aims to protect consumers of online gambling services. In particular it has the goal of drawing consumers away from potentially harmful offers, protecting vulnerable groups (such as minors) and preventing addiction. Among other things the proposal aims at establishing a common set of principles, in regard to issues such as age verification, no credit policies and complaint handling. ⁹⁶

⁹⁰ The Gallup Organisation/ European Commission, Flash Eurobarometer 299a: Attitudes towards Cross-Border Trade and Consumer Protection - Analytical Report, 2011, p. 12.

⁹¹ European Parliamentary Research Service / GHK, The Cost of Non-Europe in the Single Market III - Digital Single Market, 2014, p. 36.

⁹² European Parliamentary Research Service / GHK, The Cost of Non-Europe in the Single Market V - Consumer Acquis, 2014, p. 21.

⁹³ Directive 2011/83/EC.

⁹⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0083&rid=1>.

⁹⁵ As outlined in COM (2012) 596 final and SWD (2012) 345 final. The proposals included the issuing of a recommendation on online gambling, which took place in July 2014 (C (2014) 4630/3). In addition, the Commission proposed the following actions: support benchmarking and testing of parental control tools through the Safer Internet Programme and the Connecting Europe Facility to improve age rating and content classification systems; assess recommendations on gambling-related internet addiction among adolescents under EU NET ADB27 in 2012; report on the relevant working groups under ALICE RAP in 2014 and carry out

Achievement	Key aspects relevant to consumer protection & empowerment
Adoption of ADR Directive and ODR Regulation ⁹⁷	Ensures that disputes between consumers and traders in almost all business sectors can be submitted to an ADR entity (with measures to ensure the quality of ADR entities), while the ODR regulation will set up an EU-wide online platform for disputes arising from online purchases. Both pieces of legislation contain provisions to ensure that consumers are well-informed about the existence of dispute resolution mechanisms. ⁹⁸
Proposal for a new directive on Payment Services ⁹⁹	Would protect consumers against fraud and payment abuses. In particular, in cases of unauthorised card payments consumers may only have to pay a small sum (up to max. EUR 50). In addition, consumers would gain new rights in regard to transferring money outside the EU and paying in non-EU currencies. ¹⁰⁰
Adoption of Regulation on Cross-Border Payments in the Community ¹⁰¹	Requires Member States to establish out-of-court complaint and redress procedures in case of disputes between consumers and service providers. National authorities are required to be designated or created by Member States, and to co-operate closely to solve cross-border disputes. ¹⁰²
Adoption of Collective Redress Recommendation ¹⁰³	Sets out a series of common, non-binding principles for collective redress mechanisms in the Member States so that citizens and companies can enforce the rights granted to them under EU law where these have been infringed. National redress mechanisms should be available in different areas where EU law grants rights to citizens and companies, notably in consumer protection, competition, environment protection and financial services. ¹⁰⁴
Proposal for a Common European Sales Law ¹⁰⁵	Would offer consumers a choice of remedies in case of a defective product, giving them the option of a replacement, a repair or a price reduction. This would apply even several months after the purchase. In addition, the legislation would require that consumers give their consent to a contract based on the Common European Sales Law. Information notices in their own language would ensure that they are well informed about their rights. ¹⁰⁶

Source: Civic Consulting, based on sources indicated in table.

Data protection and information and network security

A further goal foreseen in the Digital Agenda for Europe flagship initiative relates to the creation of an effective data protection framework. Although a Directive on Data Protection was introduced in 1995, and remains the central piece of European legislation in the area, technological changes and the development of a new digital environment make a modernisation of the legislative framework necessary, in order to harmonise rules and boost consumer protection. Lack of trust in regard to the safety of personal data holds

an assessment of these research results; assess market performance of online gambling services under the Consumer Market Monitoring Survey from 2013.

⁹⁶ Ibid.

⁹⁷ Directive 2013/11/EU and Regulation No. 524/2013.

⁹⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF>;
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF>.

⁹⁹ Outlined in COM(2013) 547 final.

¹⁰⁰ Ibid.

¹⁰¹ Regulation No. 924/2009.

¹⁰² <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URISERV:co0011&from=EN&isLegisum=true>.

¹⁰³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0396&from=EN>.

¹⁰⁴ http://ec.europa.eu/consumers/archive/redress_cons/collective_redress_en.htm.

¹⁰⁵ Outlined in COM(2011) 635 final.

¹⁰⁶ http://ec.europa.eu/justice/contract/files/common_sales_law/i11_1175_en.pdf.

consumers back from taking part in e-commerce and accepting new online services – according to a 2011 Eurobarometer, 70% of Europeans are worried that companies may misuse their data.¹⁰⁷ As a result, improving consumer confidence in data protection rules is seen as vital to fulfilling the potential of the Digital Single Market initiative. Moreover, the current fragmentation of European data protection regulation has been identified as a source of additional burden on European businesses that sustains legal uncertainty.

In order to address these problems, the Commission announced a reform of the current data protection framework in 2012, proposing a new regulation and directive. These will create a single set of rules on data protection throughout the EU, as well as introducing provisions to give consumers more control over their data. In addition, proposals for a directive on network and information security were announced in 2013. The table below provides further detail on these achievements, which were selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

Table 12: Key legislative achievements under the 7th legislature in regard to data protection and security

Achievement	Key aspects relevant to single market and consumer protection & empowerment
Proposal for a General Data Protection Regulation ¹⁰⁸ and a Police and Criminal Justice Data Protection Directive ¹⁰⁹	Proposes to update and modernise the 1995 Data Protection Directive. The legislation would create a single set of rules on data protection throughout the EU, harmonising the current patchwork of national regulations, and allow organisations based in the EU to only deal with one single supervisory authority, even when operating in several Member States. This should create savings for businesses by cutting red tape and improve consumer trust by providing a strong and simplified data protection framework. New consumer rights would include a 'right to be forgotten' and improved data portability, enabling consumers to more easily access their personal data and transfer it from one service provider to another. The new rules would apply also for data that is processed abroad, as long the company handling it is active in the European market and offers their services to citizens of the EU. Additionally, the legislation would require companies to inform the national supervisory authority of any serious data breaches. The directive in the package would lay down general data protection rules for police and judicial cooperation in criminal matters, applicable for both domestic and cross-border transfers of data. ¹¹⁰
Proposal for a Directive concerning measures to ensure a high common level of network and information security across the Union ¹¹¹	Would require Member States to adopt a network and information security (NIS) strategy and designate a national NIS competent authority with adequate resources to prevent, handle and respond to NIS risks and incident. It would also create a co-operation mechanism among Member States and the Commission to share early warnings on risks and incidents through a secure infrastructure, as well as to organise regular peer reviews. In addition, operators of critical infrastructures in some sectors (financial services, transport, energy, and health), enablers of information society services and public administrations would be required to adopt risk management practices and report major security incidents on their core services. ¹¹²

Source: Civic Consulting, based on sources indicated in table.

¹⁰⁷ TNS Opinion & Social / European Commission, Special Eurobarometer 359: Attitudes on Data Protection and Electronic Identity in the European Union, 2011, p. 2.

¹⁰⁸ Outlined in COM (2012) 11 final.

¹⁰⁹ Outlined in COM (2012) 10 final.

¹¹⁰ http://europa.eu/rapid/press-release_IP-12-46_en.htm.

¹¹¹ Outlined in COM (2013) 48 final.

¹¹² http://europa.eu/rapid/press-release_IP-13-94_en.htm.

3.1.3. Evidence of impacts on economic growth of actions relevant for the single market or consumer protection

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to the flagship initiative 'A Digital Agenda for Europe' and relevant for the single market or consumer protection and empowerment.¹¹³ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

Evidence suggests that the single-market and consumer protection/empowerment related actions in the digital sector can make a very significant contribution to economic growth. Indeed, a number of ex-ante studies estimate that the completion of a digital single market could potentially contribute several percentage points to the EU's GDP in the long term. One study estimates that completing the digital single market could lead to a 4% increase in GDP by 2020. Moreover, there is evidence that policy action in the digital sector has already acted as a boost to economic growth in the EU: one study estimates that the adoption of the GSM standard in the EU contributed an additional 0.46% of GDP annually over the period 1995-2003. However, another study has estimated that the potential impact of closing the digital single market could amount only to an increase of 0.4% in the EU's GDP by 2020, (although this estimate is based on gaps identified in a limited number of areas, specifically in regard to cloud computing, parcel delivery and payment services).

Other studies refer to a range of specific actions in the digital sector that would be conducive to economic growth, such as increasing the EU's ICT capital stock (could increase GDP by 5% in total) and introducing policy action to encourage the growth of cloud computing (potentially increasing the EU's GDP by EUR 583 billion between 2015 and 2020). In addition to GDP growth as such, studies also point to considerable savings that could be made. In particular, consumers could potentially save EUR 204.5 billion annually due to the growth of e-commerce and removal of single market barriers. Further opening up of national markets (leading to increased competition) could create welfare gains of EUR 27-55 billion per year thanks to lower prices and more investment. The widespread adoption of e-invoicing and the creation of SEPA could also bring significant savings – EUR 238 billion over a six year period and annual savings of EUR 21.9 billion, respectively. There are also indications that actions within the scope of the Digital Agenda could boost employment, with one study estimating that policy initiatives in the area of cloud computing could potentially lead to the creation of 2.5 million jobs. Another study argues that intervention to support the deployment of next generation access (NGA) could create 0.63 to 2.59 million jobs by 2020.

Finally, according to a recent study, if the Consumer Rights Directive were to be applied to all consumer transactions in the EU (i.e. if it were to be extended to also cover the financial services, passenger travel, healthcare and real estate sectors), this could bring gains of EUR 58 billion annually. This would be related to increased cross-border competition, which would lower prices, improve choice and encourage innovation.

The table on the next page provides further details.

¹¹³ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

Table 13: Impacts of single market or consumer protection/empowerment-related actions in the digital sector

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP	Completing the digital single market	2-4% additional GDP growth could be gained for the EU27 by 2020 by stimulating the fast development of the digital single market	Ex-ante scenario-based modelling	Copenhagen Economics (2010) ^{T16} /European Parliament (2013) ^{T17}
		Increase in the long-run level of GDP by EUR 656 billion per year in the EU28 (or with a cautious analysis EUR 340 billion) as the result of a deeper and more complete digital single market	Ex-ante estimate, summation of potential savings from a range of different digital single market-related reforms	EPRS (2014) ^{T18}
		Average annual GDP growth in the EU could rise to 2.5% for the decade after 2012, compared with the annual average of 1.3% for the decade 2002-2012 (with 60% of growth due to ICT investment and more effective ICT production and usage)	Ex-ante scenario analysis	The Conference Board/European Commission (2013) ^{T19}
	Completing the digital single market, i.e. closing gaps identified in regard to cloud computing, delivery and payments	An increase in the EU's GDP of 0.4% by 2020, or EUR 60 billion in 2014 prices	Ex-ante macroeconomic modelling using the E3ME model, based on gaps identified in specific sectors	EPRS (2014) ^{T20}
	Adoption of GSM standard	Additional growth for the EU15 of around 0.46% of GDP annually between 1995 and 2003 and 0.3% over the period 1995 to 2009	Ex-post assessment based on educated assumptions comparing mobile penetration rates in the EU and the US	ECORYS et al. (2011) ^{T21}
	Increase in the EU's ICT capital stock	EU27 GDP would increase by a total of 5%, or EUR 1,500 per person, if by 2020 ICT capital stock could be raised to the same relative level as that of the US	Ex-ante econometric modelling	Oxford Economics (2011) ^{T22}
Implementation of policies to encourage uptake of cloud computing	Could see annual GDP in the EU27 boosted by up to EUR 162 billion in 2020; cumulative impacts from 2015 to 2020 could be EUR 583 billion	Ex-ante scenario-based modelling	IDC/European Commission (2012) ^{T23}	

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
	Implementation of the E-Commerce Directive	The long-run welfare gain thanks to reductions in barriers to cross-border e-commerce could be as high as 0.42% increase in GDP	Ex-ante simulation	Copenhagen Economics (2007) ^{T24}
	A 10 percentage point increase in broadband penetration	Raises annual per-capita growth by 0.9-1.5 percentage points (for a panel of 25 OECD countries over the period 1996-2007)	Ex-post econometric analysis	Czernich et. al. (2009) ^{T25}
Increase in savings/ efficiency	An increase in the share of e-commerce in the total retail sector to 15% and the elimination of Single Market barriers	Annual welfare gains of around EUR 204.5 billion for consumers within the EU27 (equivalent to 1.7% of its GDP) as the result of lower online prices and increased online choice	Ex-ante economic analysis	Civic Consulting (2011) ^{T26}
	Transition to e-procurement	Savings of EUR 100 billion per year for public entities	Unidentified, ex-ante	European Commission (2012) ^{T27}
	Widespread adoption of e-invoicing	Savings of EUR 238 billion over a six year period	Ex-ante economic modelling	Capgemini Consulting (2007) ^{T28}
	Extending the scope of the Consumer Rights Directive to financial services, passenger travel, healthcare and real estate sectors	Gains of EUR 58 billion annually, as a result of price convergence effects from harmonised consumer protection across the EU	Ex-ante calculation based on previous estimates of price convergence	EPRS/GHK (2014) ^{T29}
	Further opening up of national markets and thereby increasing competition	Welfare gains of EUR 27-55 billion per year due to lower prices and more investment	Ex-ante econometric analysis	ECORYS et. al. (2011) ^{T30}
	EU-level effort to remove barriers to cloud computing	Cost savings in the private and public sector of EUR 31.5 billion to EUR 63 billion per year	Unidentified, ex-ante	EPRS/GHK (2014) ^{T31}

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
	Creation of a single market for postal and parcel delivery services	Savings of EUR 2.23 to EUR 5.57 billion per year due to lower prices	Ex-ante, based on volume of cross-border parcel and packet flows and price differentials with domestic deliveries	
	Increased competition in electronic communications markets	Potential annual consumer welfare gains of EUR 24.9 billion as the result of lower prices due to increased competition in fixed, mobile, broadband and pan-European business communication markets	Ex-ante calculation of potential welfare gains in a scenario of perfect competition	Analysys Mason (2010) ^{T32}
	Effective ex-ante regulation for wholesale services relevant for business communications	Net present value (NPV) benefits of EUR 112.49 billion over the first five years, EUR 413.98 billion over the first 10 years and EUR 774.45 billion over the complete observation period of 15 years, respectively (from the 10 th year on annual NPV of around EUR 90 billion)	Ex-ante economic modelling	WIK Consult (2013) ³³
	SEPA 'once fully embraced'	Annual savings of EUR 21.9 billion in 16 EU Member States, thanks to price convergence and process efficiency	Ex-ante economic modelling	PricewaterhouseCoopers (2014) ^{T34}
	Closing remaining gaps in regard to payment services	Annual savings of EUR 2.2bn and EUR 6.6bn	Unidentified, ex-ante	EPRS/GHK (2014) ³⁵
	Creation of a well-functioning and transparent ADR system	Savings of EUR 20 billion for consumers if they can refer their dispute to an ADR scheme, as well as EUR 3 billion for businesses if they use ADR instead of court proceedings	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T36}
	Creation of a single market for gambling	Annual savings of EUR 5 billion, as consumers chose to place bets in Member States offering the best winnings	Ex-ante, based on turnover of gambling industry and price variations between Member States	EPRS/GHK (2014) ³⁷

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
	Introduction of an optional Common European Sales Law	Annual savings for current exporters amounting to EUR 3.7-4.3 billion as the result of businesses not paying additional transaction costs for when they trade with more than one Member State	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T38}
	Introduction of data protection legislation	Savings of EUR 2.3 billion in administrative costs for EU businesses	Ex-ante impact assessment conducted by the Commission	European Commission (2012) ^{T39}
	Creating a harmonised regulatory framework for telecommunications	A 30% reduction in telecommunication prices in the last decade in the EU	Unidentified, ex-post	EPRS (2013) ^{T40}
	Switching Internet provider	First year net savings of switching provider at between EUR 73.4 and EUR 113.6 per household	Ex-ante economic analysis	Civic Consulting (2012) ^{T41}
Increase in employment	Implementation of policies to encourage uptake of cloud computing	Could lead to the creation of 2.5 million new jobs	Ex-ante scenario-based modelling	IDC/European Commission (2012) ^{T42}
	Intervention to support the deployment of next generation access	Could lead to the creation of between 0.63 and 2.59 million new jobs	Ex-ante socio-economic benefits modelling	Analysys Mason and Tech4i2 (2013) ^{T43}
	Moving towards a digital single market	An employment increase of 30,000 per year in the EU partly due to an increase in the adoption of online services from 3 percent to 4 percent per year	Ex-ante scenario-based modelling	Copenhagen Economics (2010) ^{T44}
	Completing the digital single market in relation to cloud computing, delivery and payments	Could lead to the creation of 223,000 jobs by 2020	Ex-ante macroeconomic modelling using the E3ME model, based on gaps identified in specific sectors	EPRS (2014) ^{T45}
Increase in trade	Removing differences in contract law	A EUR 30 billion increase in intra-EU trade due to removal of contract law-related barriers	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T46}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

Besides contributing to GDP growth, achievements and policy actions within the framework of the flagship initiative relevant for the single market and consumer protection are also likely to have positive impacts in terms of sustainability and inclusiveness. Legislation to deepen the single market for electronic communications, for example, has among other things aimed at improving access to the Internet and overcoming the 'digital divide'. Moreover, there is evidence that the development of a digital economy in the EU could lead to the creation of a significant number of new jobs. In terms of sustainability, the completion of the digital single market could contribute towards the dematerialisation of the economy, reducing its resource-intensity and carbon footprint. Finally, completing the digital single market also yields benefits for the single market in other areas. For example, facilitating the online purchase of goods and services from other Member States also contributes to the movement of goods and services across borders more generally.

3.1.4. Conclusions on key single market- and consumer protection-related achievements under the flagship initiative and related contributions to growth

Much activity has occurred relating to deepening the single market and improving consumer protection and empowerment within the scope of the flagship initiative 'A Digital Agenda for Europe'. These fall into the categories of electronic communications, e-commerce/online services and data protection/network and information security. Evidence suggests that these areas have significant potential to contribute to growth, in particular electronic communications and e-commerce/online services. According to one study, the creation of a digital single market could lead to a 4% increase in the EU's GDP (estimate given for the time period 2010 to 2020). The importance of the digital sector has also been stressed by the president of the Commission Jean-Claude Juncker, who has announced plans for ambitious legislative reforms on the digital single market within his first six months in office.¹¹⁴

Regarding electronic communications, progress is particularly visible when considering prices, which have sunk by 30% over the last decade. A reform of the regulatory framework was completed in 2009, which both contributed to creating a single market for the sector and to strengthening consumer rights. Moreover, a new legislative package has been proposed by the Commission, the Connected Continent proposal, which aims to build on these achievements. It contains some major legislative changes, including a complete elimination of roaming charges within the European Union, although it may not significantly impact on the way national regulatory authorities supervise markets and some stakeholders have doubts regarding the extent to which it would defend net neutrality. Nonetheless, the adoption of the proposal could contribute significantly to realising the economic growth potential of completing the single market for electronic communications.

The 7th legislature has also seen important developments in regard to e-commerce and the online services sector. In particular, legislation has been adopted to address payment difficulties (the SEPA Regulation), to create an internal market for electronic Trust Services (eTS) and to encourage e-invoicing in public procurement. The Consumer Rights Directive has also introduced a range of new consumer rights that are relevant for e-commerce and online services, while the legislation on ADR and ODR and the Commission's Recommendation on collective redress should also enhance consumer protection in the e-commerce and online services sector. However, important pieces of legislation remain at the proposal stage (such as the new rules for payment services and the Common European Sales Law), and certain gaps remain that have not yet been addressed by policy proposals.

¹¹⁴ Juncker, Jean-Claude, A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change, 2014.

Moreover, interviewees pointed to inconsistencies in the implementation of consumer protection legislation throughout the European Union. Considering that lack of consumer trust is a major barrier to the development of e-commerce and online services, policy action aimed at boosting trust could remain a key focus.

3.2. Flagship initiative 2: Innovation Union

3.2.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'Innovation Union' is aimed at improving conditions for research and innovation in the European Union, which are seen as vital for achieving economic growth and maintaining global competitiveness. Among other things the flagship initiative stresses the need for adequate funding for innovation, and establishes as its headline target that 3% of the EU's GDP should be invested annually in research and development (R&D) by 2020.¹¹⁵ In addition, it aims to overcome the continued fragmentation of the Single Market (e.g. the lack of a unified patent system) that acts as a disincentive to innovation. Another aspect of the flagship initiative involves the creation of a European Research Area, in which researchers (in both the public and private sectors) can co-operate effectively with each other across national borders, thereby avoiding duplications and sharing knowledge.

Box 2: EU goals under the 'Innovation Union' flagship initiative¹¹⁶

- Complete the European Research Area, develop a strategy research agenda focused on challenges such as energy security, transport, climate change and resource efficiency, health and ageing, environmentally-friendly production methods and land management, and enhance joint programming with Member States and regions;
- Improve framework conditions for business to innovate (i.e. create the single EU Patent and a specialised Patent Court, modernise the framework of copyright and trademarks, improve access of SMEs to Intellectual Property Production, speed up setting up interoperable standards; improve access to capital and make full use of demand side policies, e.g. through public procurement and smart regulation);
- Launch 'European Innovation Partnerships' between the EU and national levels to speed up the development and deployment of the technologies needed to meet the challenges identified. The first will include: 'building the bio-economy by 2020', 'the key enabling technologies to shape Europe's industrial future' and 'technologies to allow older people to live independently and be active in society';
- Strengthen and further develop the role of EU instruments to support innovation (e.g. structural funds, rural development funds, R&D framework programme, CIP, SET plan), including through closer work with the EIB and streamline administrative procedures to facilitate access to funding, particularly for SMEs and to bring in innovative incentive mechanisms linked to the carbon market, namely for fast-movers;
- Promote knowledge partnerships and strengthen links between education, business, research and innovation, including through the EIT, and to promote entrepreneurship by supporting Young Innovative Companies.

¹¹⁵ This is seen as particularly important in view of the fact that several other major economies spend more on R&D than the EU. In 2010 Japan spent 3.25% of its GDP on research and development, while for the United States the figure in 2011 was 2.67%, compared to only 2.04% in 2011 for the EU28. Eurostat (t2020_20).

¹¹⁶ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010, pp. 12-13 (extracts).

However, little progress has been made so far in terms of reaching the overall flagship target for R&D spending. Investment levels increased to only 2.07% in 2012, up from 2.01% in 2009. The Commission has therefore estimated that R&D spending will only reach 2.2% of the EU's GDP by 2020, although if Member States reach their national targets this could rise to 2.6%.¹¹⁷ It has also expressed concerns that the lack of progress in this area may have negative impacts on long-term growth potential, although it hopes the gradually improving economic situation may allow Member States to readjust their focus towards growth-enhancing policies.¹¹⁸ This recognition of the need for increased R&D spending has been reflected in the Union budget for 2014 to 2020, with EUR 80 billion available for research and innovation under the Horizon 2020 programme.¹¹⁹ It should be noted, however, that public funding only accounts for part of R&D spending in the European Union, and achieving progress in this area could require finding solutions to insufficient private investment. Overall investment levels in the European Union (for all parts of the economy) sank rapidly following the outbreak of the financial crisis in 2007 and have not yet recovered.¹²⁰

3.2.2. Achievements relevant to the Single Market during the 7th legislature, and remaining barriers

The main areas covered by the flagship initiative 'Innovation Union' that relate to the single market are the 'single market for innovation', access to finance for SMEs and the European Research Area. None of the actions taken within the scope of the flagship initiative relate directly to consumer protection and/or empowerment.¹²¹ In this section we outline key achievements in these areas considered to fall within the scope of the flagship initiative 'Innovation Union' that are relevant for the single market, along with remaining barriers.

Single market for innovation

Although the single market should, due to its size, be able to attract investment and enable innovative businesses to grow rapidly, in reality significant fragmentation across borders remains and acts as a hindrance to innovation. And in the absence of a functioning single market, it is possible that other measures to boost innovation (e.g. increased public funding for R&D) will not have the desired effect. A central element of the flagship initiative is therefore to overcome these barriers. Of particular significance is the adoption of the EU Patent Package, which establishes a unified EU patent system. Although the absolute number of WIPO-PCT international patent applications from the EU increased between 2000 and 2011, the EU's share of world patent applications has nonetheless fallen (from 36.1% in 2000 to 28.8% in 2010).¹²² Moreover, due to the high costs of applying for a European patent, many investors only apply for a patent in a few countries, which offers them less protection and allows their inventions to be more easily copied.¹²³ It is hoped that the creation of a unified EU patent system can counteract this situation by reducing the costs of obtaining patent protection in the EU. Currently this can cost up to EUR 36,000, compared to only EUR 1,850 for obtaining a patent in the United States, as shown in the graph on the

¹¹⁷ European Commission, COM (2014) 130 final/2 - Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, 2014, p. 12.

¹¹⁸ European Commission, COM (2014) 339 Final - Research and Innovation as Sources of Renewed Growth, 2014, p. 3.

¹¹⁹ European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014, p. 28.

¹²⁰ Direct investment flows for the EU27 amounted to EUR1,278,121 million in 2007, but only 418,635 million in 2012. Eurostat (bop_fdi_main).

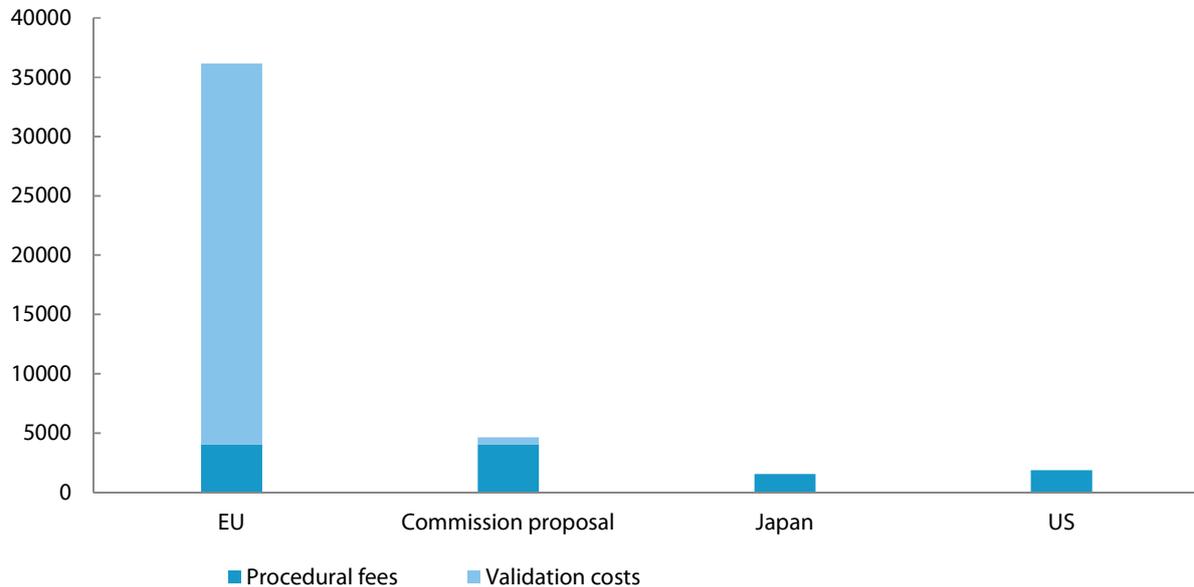
¹²¹ With the exception of the Regulation on European Standardisation. See Section 3.5 on 'An industrial policy for the globalisation era' for more details.

¹²² European Commission (DG RTD), Innovation Union Competitiveness Report 2013, 2013, p. 12.

¹²³ http://europa.eu/rapid/press-release_MEMO-12-970_en.htm?locale=en.

next page.¹²⁴ Under the new system it is foreseen that an EU patent will cost around EUR 5,000.¹²⁵

Figure 4: Cost of patenting in Europe compared to the rest of the world (in EUR)



Source: Presentation of J. M. Barroso to the European Council, 23 October 2011.

Besides the EU Patent Package, innovation could potentially benefit from cross-cutting legislation that is also relevant for the single market in other areas, such as freedom of movement for goods. There is evidence that regulatory barriers, such as certification requirements to sell products in other Member States, can act as an obstacle to innovation. In the construction materials sector, for example, the costs of compliance with national requirements have been estimated to be between EUR 5,000 and EUR 25,000 per product. According to a recent study, this may negatively affect the global competitiveness of the EU's construction materials sector, with the most dynamic markets for construction products being located outside of the EU.¹²⁶ Therefore, it is likely that the Regulation on European Standardisation, adopted in 2012, will have a positive effect on innovation. The legislation aims to improve the EU's standard setting system and should promote harmonised standards for innovation and new technologies (see section 3.5 on the flagship initiative 'An industrial policy for the globalisation era' for more details). Other cross-cutting single market achievements that could boost innovation include the State Aid Modernisation process, which makes it easier for innovative firms to receive state funding, and the new Procurement Directives, which stress the importance of innovation in public procurement.

¹²⁴ http://ec.europa.eu/unitedkingdom/press/press_releases/2011/pr1138_en.htm.

¹²⁵ http://europa.eu/rapid/press-release_MEMO-12-970_en.htm?locale=en. The patent would be valid in the 25 participating Member States.

¹²⁶ European Parliamentary Research Service / Rand, The Cost of Non- Europe in the Single Market I - Free Movement of Goods, 2014, p. 51.

Table 14: Key legislative and policy achievements under the 7th legislature relevant for a single market for innovation

Achievement	Key aspects relevant for the single market
Adoption of the EU patent package ¹²⁷	Will create a unitary patent with uniform protection within the territory of the participating 25 Member States. It will be centrally granted by the European Patent Office with no further validation requirements. It will be possible to file applications in any language. Moreover, it will create a unified and specialised jurisdiction in patent matters for the participating countries. ¹²⁸
State Aid Modernisation ¹²⁹	Reforms the EU's legislative framework for state aid with the goal of fostering growth and innovation. Of particular note is the revised General Block Exemption Regulation (GBER), under which Member States will be able to grant more aid measures and higher amounts without having to notify them to the Commission for prior authorisation. New areas have been exempted from state aid restrictions, such as broadband infrastructure, while categories already covered by the GBER have been broadened. ¹³⁰
Public procurement reform ¹³¹	Aims to simplify public procurement procedures, while providing greater flexibility and legal certainty, and for the first time sets common EU standards on concession contracts. Innovation will be fostered by the new partnership procedure where the contracting authority shall cooperate with a company – selected in a regular competitive tender procedure – to develop an innovative product, work or service, which does not exist on the market. ¹³²

Source: Civic Consulting, based on sources indicated in table. Selection of legislative/policy achievements based on literature and interviews with relevant stakeholders.

SMEs' access to finance

Improving the access of SMEs to finance across borders is considered to be essential if their growth and innovation potential is to be fully taken advantage of. This is particularly the case in the context of the economic crisis, which has tended to reduce the availability of credit for companies. In view of these issues, the EU announced in 2011 an Action Plan to improve SMEs' access to finance. This focused partly on increased financial support from the EU budget, but also included proposals that are relevant for the single market. One of these was for a Regulation on European Venture Capital Funds, which was adopted in 2013.

¹²⁷ Regulation No. 1257/2012 and Council regulation No. 1260/2012. The package also consists of an international agreement among Member States setting up a single and specialised patent jurisdiction (the "Unified Patent Court"), which can be accessed here: <http://www.unified-patent-court.org/images/documents/upc-agreement.pdf>. This corresponds to key action 3 of the Single Market Act.

¹²⁸ http://europa.eu/rapid/press-release_MEMO-12-970_en.htm?locale=en.

¹²⁹ Council Regulation No. 733/2013 of 22 July 2013 amending Regulation No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid; Commission Regulation No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

¹³⁰ http://europa.eu/rapid/press-release_MEMO-14-369_en.htm; http://europa.eu/rapid/press-release_IP-12-458_en.htm?locale=en.

¹³¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC; Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC; Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts. This corresponds to key action 12 of the Single Market Act.

¹³² http://europa.eu/rapid/press-release_MEMO-14-20_en.htm?locale=en; European Commission, *State of the Innovation Union - Taking Stock 2010 - 2014, 2014*, p. 39.

The regulation creates a single set of rules for venture capital funds to raise money across the EU for start-ups using the designation 'European Venture Capital Fund'. Another achievement is the proposal for a Regulation on European Long-term Investment Funds. If this is adopted, it would establish a new investment fund framework for investors who want to put money into companies and projects for the long term. A further relevant area of activity has been the revision of the Transparency, Prospectus, Market Abuse and Markets in Financial Instruments Directives. Finally, an expert group was set up to investigate methods to strengthen cross-border matching of innovative firms with investors.

Figure 5: Evolution of intra-EU27 foreign direct investment (in million ECU/EUR)



Source: Eurostat (tec00056). Direct investment flows in the reporting economy.

However, SMEs' access to finance may still be insufficient. As the figure above shows, intra-EU foreign direct investment dropped off rapidly in 2007 and, despite rising between 2010 and 2011, has not yet recovered to pre-crisis levels. Furthermore, venture capital investments in the EU declined by 2.8% between 2007 and 2012 (as a percentage of GDP).¹³³ While this latter development may be countered by the introduction of the European Venture Capital Fund, both these figures underline the difficult investment environment in which European SMEs are currently operating. In recognition of this situation, the Commission established a number of relevant policy priorities in 2014, including the development of innovative sources of finance (e.g. crowd-funding), as well as action to facilitate cross-border access to company information in the EU.¹³⁴ Future activity could also focus on reducing the heterogeneity of the EU's product market regulation, as restrictive product market regulations have been found to negatively affect foreign direct investment.¹³⁵

¹³³ European Commission, Innovation Union Scoreboard, 2014, p. 6.

¹³⁴ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

¹³⁵ Kalemli-Ozcan S., V. Korsun, B.E. Sorensen and C. Villegas-Sanchez, Who Owns Europe's Firms? Globalisation and Foreign Investment in Europe, 2014, forthcoming. Quoted in OECD, OECD Economic Surveys - European Union, 2014, pp. 57-58.

Table 15: Key legislative and policy achievements under the 7th legislature in regard to access to finance for SMEs relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of a Regulation on European Venture Capital Funds ¹³⁶	Makes it easier for venture capitalists to raise funds across Europe for the benefit of start-ups. Once a set of unified requirements is met, qualifying fund managers can raise capital under the designation 'European Venture Capital Fund' in all EU Member States. ¹³⁷
Proposal for a Regulation on European Long-term Investment Funds ¹³⁸	Proposes a new investment fund framework designed for investors who want to put money into companies and projects for the long term. These private European Long-Term Investment Funds (ELTIFs) would only invest in businesses that need money to be committed to them for long periods. ¹³⁹
Revision of Transparency Directive ¹⁴⁰	Requires disclosure of major holdings of all financial instruments that could be used to acquire economic interest in listed companies. Also, in order to reduce the administrative burden and to encourage long term investment, the requirement to publish quarterly financial information is abolished. ¹⁴¹
Revision of Market Abuse Directive ¹⁴²	Ensures regulation keeps pace with market developments; strengthens the fight against market abuse across commodity and related derivative markets; explicitly bans the manipulation of benchmarks; reinforces the investigative and administrative sanctioning powers of regulators; and ensures a single rulebook while reducing administrative burdens. ¹⁴³
Revision of Markets in Financial Instruments Directive ¹⁴⁴	Aims to make financial markets more efficient, resilient and transparent. Among other things, it ensures that trading takes place on regulated platforms, improves the transparency and oversight of financial markets, addresses the issue of excessive price volatility in commodity derivatives markets and strengthens supervisory powers of regulators. ¹⁴⁵
Revision of Prospectus Directive ¹⁴⁶	Refines the legal framework in order to increase legal clarity and efficiency in the prospectus regime and reduce administrative burdens. The rules also give issuers' employees access to a range of investment opportunities and help retail investors analyse prospects/risks before investing. ¹⁴⁷

Source: Civic Consulting, based on sources indicated in table. Selection of legislative/policy achievements based on literature and interviews with relevant stakeholders

¹³⁶ Regulation No. 345/2013. This corresponds to key action 1 of the Single Market Act.

¹³⁷ European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014; http://ec.europa.eu/internal_market/investment/venture_capital/index_en.htm.

¹³⁸ Outlined in COM (2013) 462 final. This corresponds to key action 6 of the Single Market Act II.

¹³⁹ http://europa.eu/rapid/press-release_IP-13-605_en.htm.

¹⁴⁰ Directive 2013/50/EU. This is one of the complementary actions mentioned in the Single Market Act in regard to access to finance for small businesses.

¹⁴¹ http://europa.eu/rapid/press-release_MEMO-13-544_en.htm.

¹⁴² Regulation No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. This is one of the complementary actions mentioned in the Single Market Act in regard to access to finance for small businesses.

¹⁴³ <http://europa.eu/rapid/midday-express-12-06-2014.htm?locale=en>.

¹⁴⁴ Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast); Regulation No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation No. 648/2012. This is one of the complementary actions mentioned in the Single Market Act in regard to access to finance for small businesses.

¹⁴⁵ <http://europa.eu/rapid/midday-express-12-06-2014.htm?locale=en>.

¹⁴⁶ Directive 2010/73/EU; Commission Delegated Regulation No. 486/2012. This is one of the complementary actions mentioned in the Single Market Act in regard to access to finance for small businesses.

¹⁴⁷ http://europa.eu/rapid/press-release_IP-09-1351_en.htm?locale=en.

European Research Area

Another priority of the 'Innovation Union' flagship initiative is the creation of a European Research Area, which aims at improving cross-border mobility and co-operation for research purposes. This is viewed as necessary in order to achieve more effective and efficient research processes by avoiding duplication and creating synergies. Moreover, the international mobility of researchers (which is of particular relevance for the single market) is understood to contribute to high quality research. Correspondingly, a variety of measures have been taken in order to encourage this. The European Framework for Research Careers improves the comparability of research careers in the EU, while steps have been made towards establishing a Pan-European Pension Fund for Researchers, which would enable employees to remain affiliated to the same pension vehicle when moving between different countries. Already before the beginning of the 7th legislature, the cross-border mobility of researchers had received a boost from the creation of the EURAXESS job portal. In addition, the pre-existing Marie Curie Actions (which provide scholarships for researcher mobility and have now been renamed as the Marie Skłodowska-Curie Actions) have been integrated into Horizon 2020, with EUR 6.16 billion funding made available for 2014 to 2020.

Table 16: Key legislative and policy achievements under the 7th legislature in regard to the European Research Area relevant for the single market

Achievement	Key aspects relevant for the single market
Measures to support the establishment of a Pan-European Pension Fund for Researchers ¹⁴⁸	Aim to establish a Pan-European Pension Fund for Researchers, which would enable employees to remain affiliated to the same pension vehicle when moving between different countries and changing jobs. In 2013, a Task Force was created, which in 2014 was transformed into a consortium of committed employers to promote the establishment of the Institution for Occupational Retirement Provision (IORP) that will manage occupational pension plan(s) for the benefit of researchers of the sponsoring undertakings (universities and/or research institutions) within the EEA. ¹⁴⁹
Strengthening of Marie Skłodowska-Curie Actions (MSCA) ¹⁵⁰	Aims to support the career development and training of researchers – with a focus on innovation skills – in all scientific disciplines. The scheme provides grants at all stages of researchers' careers, from PhD candidates to highly experienced researchers, and encourages transnational, intersectoral and interdisciplinary mobility. As of January 2014 the scheme is part of Horizon 2020, and will receive EUR 6.16 billion funding over the period 2014-2020. ¹⁵¹ In total, 65,000 researchers will be funded under MSCA in Horizon 2020. ¹⁵²
European Framework for Research Careers (EFRC) ¹⁵³	Intended to foster cross-border and cross-sector researcher mobility, helping researchers to identify job offers and employers to find suitable candidates. The basis for the creation of a framework that allows better comparability for research careers structures was set by the 2011 communication 'Towards a European Framework for Research Careers'. ¹⁵⁴

Source: Civic Consulting, based on sources indicated in table. Selection of legislative/policy achievements based on literature and interviews with relevant stakeholders.

¹⁴⁸ European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014.

¹⁴⁹ Ibid.

¹⁵⁰ http://ec.europa.eu/research/mariecurieactions/index_en.htm.

¹⁵¹ <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/marie-sklodowska-curie-actions>.

¹⁵² European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014.

¹⁵³ http://ec.europa.eu/euraxess/pdf/research_policies/Towards_a_European_Framework_for_Research_Careers_final.pdf.

¹⁵⁴ Ibid.; European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014.

3.2.3. Evidence of impacts on economic growth of actions relevant for the single market

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to the flagship initiative 'Innovation Union' and relevant to the single market.¹⁵⁵ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

Research suggests that the flagship initiative 'Innovation Union' as a whole has very significant potential to contribute to economic growth in the EU. According to one study, a gradual increase of R&D spending from 1.8% up to 3% of GDP between 2010 and 2020, and a strict persistence of this 3% level afterwards, could potentially generate an additional 5.4 percentage points of GDP, and at the same time create 3.7 million jobs.¹⁵⁶ An impact assessment conducted by the Commission argues that the combined effect of Horizon 2020, a gradual reallocation of national funding to transnational activities and achieving the 3% R&D spending goal by 2020 could boost the EU's GDP by EUR 445 billion by 2030, as well as create 7.2 million new jobs.¹⁵⁷

Insofar as some of the single-market related measures taken as part of the flagship initiative encourage investment in R&D, they can be seen as broadly contributing to the figures mentioned above. Moreover, there is specific evidence regarding the contribution to economic growth of individual policy measures. One study estimates that a European patent system could lead to savings of EUR 250 million for European businesses, while another study argues that the creation of a Unified Patent Court could lead to savings of EUR 148 million to EUR 289 million. By abolishing the obligation of listed companies to present quarterly financial reports, furthermore, the revised Transparency Directive could bring savings of EUR 2,000 to EUR 60,000 per year/per issuer for small and medium issuers, and from EUR 35,000 to EUR 250,000 per year/per issuer for large issuers, without taking into account savings in wage bills linked to the staff involved in preparation of these reports.

While in some cases studies on the economic impact of specific measures could not be identified, there nonetheless exists more general evidence suggesting that they could contribute to growth. For example, it has been argued that standardisation has a positive impact on annual GDP growth ranging from an additional 0.3 to 1 percentage points of growth. There is also evidence that an increase of venture capital investments by 0.1% of GDP could lead to an increase in real GDP growth of 0.3 percentage points (estimate based on ex-post econometric modelling). In regard to researcher mobility the evidence is less clear-cut, however. While one study that looked at the mobility of UK researchers has argued that changing jobs had a minimal impact on the scientific performance of the individuals concerned, another study has claimed that researchers who moved jobs either between European countries or out of Europe had a higher field-weighted citation impact than those who remained in the same country.

¹⁵⁵ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

¹⁵⁶ Zagamé, Paul, *The Costs of a Non-Innovative Europe: What Can We Learn and What Can We Expect from the Simulation Works*, 2010.

¹⁵⁷ European Commission, *SWD (2012) 212 Final - Impact Assessment - A Reinforced European Research Area Partnership for Excellence and Growth*, 2012.

Table 17: Impacts of actions relevant for the single market relating to innovation

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP	An increase of venture capital investments of 0.1% of GDP	Statistically associated with an increase in real GDP growth of 0.30 percentage points, while early-stage investments have an even bigger impact of 0.96 percentage points (not specifically for the EU)	Ex-post econometric modelling, based on 15 countries (14 from Europe + the US) over the period 1989 to 2009	Meyer (2010) ^{T47}
	Impact of standardisation	Positive impact on annual GDP growth ranging from 0.3 to 1 percentage point	Ex-post assessment, based on econometric analyses in FR, DE and UK	Miotti (2009) ^{T48} ; European Commission (2011) ^{T49}
Increase in savings	Creation of a European patent system	EUR 250 million potential savings for EU businesses	Ex-ante econometric modelling and simulations	Danguy and van Pottelsberghe (2009) ^{T50}
	Establishment of a Unified Patent Court	Potential savings in 2013 of EUR 148- EUR 289 million in the EU	Ex-ante scenario simulations	Harhoff (2009) ^{T51}
	Abolishing the obligation to present quarterly financial reports for all listed companies	Annual savings of EUR 2,000 to EUR 60,000 per small or medium issuer and of EUR 35,000 to EUR 250,000 per large issuer, plus savings linked to reductions in staff	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T52}
Increase in innovation	Researcher mobility	An increase in citation impact (researchers who have moved jobs between European countries or out of Europe are associated with slightly higher field-weighted citation impact than those who remained within the same country)	Ex-post analysis of bibliometric data	Science Europe and Elsevier's SciVal Analytics (2013) ^{T53}
	Researcher mobility	An insignificant (although overall positive) impact on scientific performance as the result of researchers changing jobs (either between UK higher education institutions, from industry to academia, international moves or mobility to or between firms)	Ex-post econometric analysis	Fernández-Zubieta et. al. (2013) ⁵⁴

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

Besides contributing to smart economic growth, actions taken within the scope of the flagship initiative 'Innovation Union' also have potential to contribute to the EU's social and environmental goals. One area of the flagship initiative focuses on improving SMEs' access to cross-border finance, something which is also of significance for the social enterprise sector. The Commission views the development of the EU's social enterprise sector as an important means of combatting poverty, with several of the actions taken within the scope of the flagship initiative 'European Platform against Poverty and Social Exclusion' intended to support its future growth (see Section 3.7.2 for more details). In addition, the 'Innovation Union' flagship initiative can contribute to achieving the European Union's targets on energy and climate change, as the development of a green economy is closely linked with the use of new and innovative technologies.

3.2.4. Conclusions on key single market-related achievements under the flagship initiative and related contributions to growth

Aspects of the flagship initiative 'Innovation Union' relevant for the single market relate primarily to breaking down barriers to innovation (such as restrictive patenting regulations), improving cross-border access to finance for SMEs and encouraging the cross-border mobility of researchers. While little evidence could be identified regarding the economic impacts of researcher mobility, there are indications that a single market for innovation and improved access to finance for SMEs could be conducive to economic growth. The latter of these also contributes to achieving the overarching flagship headline goal that 3% of GDP should be invested in R&D.

One of the most important legislative developments under the Innovation Union flagship initiative has been the establishment of a unitary patent system, which is expected to reduce the costs involved in applying for a patent that is valid throughout the EU by around 80%. The new Procurement Directives and the modernisation of State Aid were also introduced with a view to encouraging innovation in the Single Market. In regard to the access of SMEs to finance, it is hoped that the Regulation on European Venture Capital Funds can help counteract the recent decline of venture capital investments in the EU. However, access of SMEs to finance continues to be negatively affected by the economic crisis and it is foreseen that more action in this area could be necessary. The Single Market Act II included as one of its key actions a proposal for a Regulation on European Long-term Investment Funds, although as of yet it has not been adopted. Other priorities identified by the Commission include improving the framework conditions for new and innovative sources of cross-border funding (e.g. crowd-funding), developing SME bonds and alternative stock markets, and improving cross-border access to company information within the EU. Another potential area for future activity could be reducing product market regulations that hinder foreign direct investment.

Although less evidence could be identified for the contribution of researcher mobility to economic growth, it is worth noting that there has been progress in this area, in particular through the creation of the European Framework for Research Careers and the strengthening of the Marie Skłodowska-Curie Actions. While the Pan-European Pension Fund for Researchers has yet to be established, steps have been taken in this direction, and the Commission predicts that the fund would be operational by 2015.¹⁵⁸

¹⁵⁸ European Commission, State of the Innovation Union - Taking Stock 2010 - 2014, 2014.

3.3. Flagship initiative 3: Youth on the move

3.3.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'Youth on the Move' focuses on improving the education and employability of young people within the European Union, with the goal of combatting youth unemployment and creating a workforce with the skills required by the economy. It aims to do this by improving the quality and relevance of education systems, as well as by promoting the mobility of young people and easing their transition from education into the workforce. A particular focus is placed on increasing the participation of young people in education, with headline targets to reduce early school-leaving to 10% and ensure that at least 40% of 30-34 year olds have completed tertiary or equivalent education.

Box 3: EU goals under the 'Youth on the Move' flagship initiative¹⁵⁹

- Integrate and enhance the EU's mobility, university and researchers' programmes (such as Erasmus, Erasmus Mundus, Tempus and Marie Curie) and link them up with national programmes and resources;
- Step up the modernisation agenda of higher education (curricula, governance and financing) including by benchmarking university performance and educational outcomes in a global context;
- Explore ways of promoting entrepreneurship through mobility programmes for young professionals;
- Promote the recognition of non-formal and informal learning;
- Launch a Youth employment framework outlining policies aimed at reducing youth unemployment rates: this should promote, with Member States and social partners, young people's entry into the labour market through apprenticeships, stages or other work experience, including a scheme ("Your first EURES job") aimed at increasing job opportunities for young people by favouring mobility across the EU.

Much progress has been made towards achieving the headline targets since the launch of the 'Youth on the Move' flagship in 2010, with early school-leaving sinking from 14.2% in 2009 to 12% in 2013, and tertiary educational attainment rising from 32.3% to 36.9% over the same period.¹⁶⁰ The Commission's recent stock-take of the Europe 2020 strategy therefore argued that the targets were realistically achievable by 2020. Both trends are considered to be of a long-term and structural nature, although the reduction in early school-leaving may also be related to a more difficult employment situation.¹⁶¹

3.3.2. Achievements relevant to the Single Market during the 7th legislature, and remaining barriers

The main area covered by the flagship initiative 'Youth on the Move' that relates to the single market is learning and employment mobility. None of actions taken within the scope of the flagship initiative relate directly to consumer protection and/or empowerment. In this section we outline key achievements in this sector considered to fall within the scope of the flagship initiative that are relevant for the single market, along with remaining barriers.

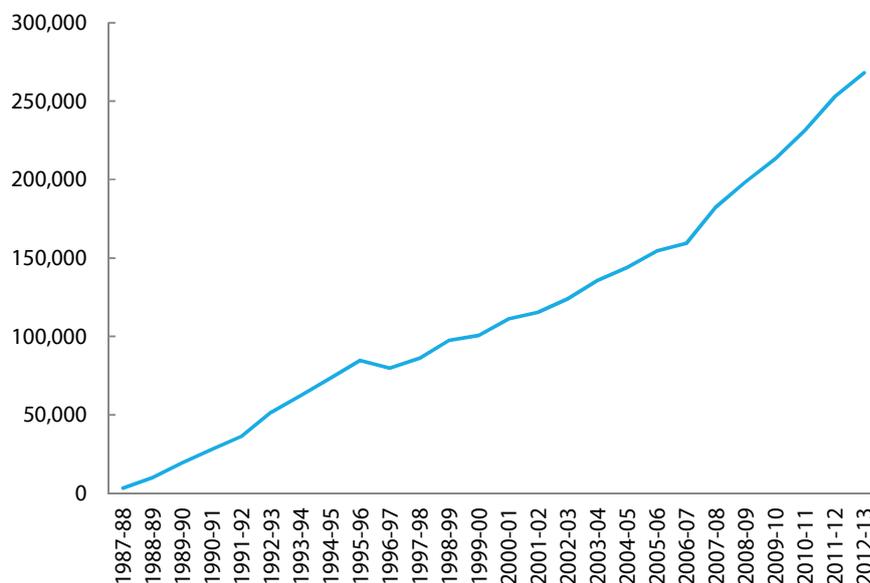
¹⁵⁹ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010, p. 13 (extracts).

¹⁶⁰ Eurostat (t2020_40; t2020_41).

¹⁶¹ European Commission, COM (2014) 130 final/2 - Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, 2014, p. 13.

Promoting the learning and employment mobility of young people is a central element of the ‘Youth on the Move’ flagship initiative. Studying abroad is a fundamental way for young people to improve their employability, as well as develop linguistic and intercultural skills. Moreover, increasing employment mobility is necessary to more effectively match labour demand with labour supply. While measures to improve the mobility of young people (such as the Erasmus programme) have been in place for many years, progress continued to be made during the 7th legislature. In particular, the regulation establishing Erasmus+ represented a major restructuring of the EU’s education, training, youth and sport mobility schemes, combining them into one integrated programme and significantly increasing the available funding. As the figure below shows, the number of students taking part in Erasmus has steadily increased since its introduction in 1987. During the 2012/13 academic year as many as 268,143 students went abroad under the Erasmus programme, meaning that in total over three million students have taken part in it during the course of its existence. It is foreseen that a further four million people will benefit from support under the Erasmus+ scheme over the seven-year period from 2014 to 2020.¹⁶²

Figure 6: The number of students spending a study period abroad under the Erasmus programme (1987/88 to 2012/13)



Source: European Commission, Erasmus: Facts, Figures & Trends, 2014.

In addition to the regulation establishing Erasmus+, other achievements in regard to youth mobility should be noted. These include a Recommendation on the Learning Mobility of Young People, which encourages Member States to take measures to improve conditions for mobile learning, with the launch of a Mobility Scoreboard in early 2014 providing the necessary methodological framework to measure progress in this area. Other relevant actions taken include the review of the ECTS Users’ Guide (to be published in 2015), the development of the U-Multirank system, the launch of the European Skills Passport, the Recommendation on the establishment of the ECVET, the initiative ‘Your first EURES job’ and the publication of guidance on the rights of mobile students within the EU.

However, barriers to cross-border youth mobility continue to exist, with only around 10% of EU students going abroad to study or train at any point during their studies, which is well below the EU target of 20% for overall student mobility.¹⁶³ Various surveys of non-mobile

¹⁶² http://europa.eu/rapid/press-release_IP-14-821_en.htm.

¹⁶³ http://europa.eu/rapid/press-release_IP-14-821_en.htm.

students have shown that concerns about a lack of funding and the costs of staying abroad are of major importance in discouraging people from taking part in Erasmus,¹⁶⁴ despite the average EUR 272 monthly grant received by Erasmus students in the 2012-2013 academic year.¹⁶⁵ Lack of foreign language skills also appears to be an obstacle to studying abroad, as does insufficient provision of information about the Erasmus programme and funding opportunities. Finally, concerns about education systems abroad, recognition of credits and the continuity between subjects studied abroad and at home are also highlighted in various studies as major barriers to participation in the Erasmus programme.¹⁶⁶

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the single market in regard to learning and employment mobility:

Table 18: Key legislative and policy achievements under the 7th legislature in regard to learning and employment mobility

Achievement	Key aspects relevant for the single market
Adoption of Regulation establishing Erasmus+ ¹⁶⁷	Combines seven existing schemes – the Lifelong Learning Programme (Erasmus, Leonardo da Vinci, Comenius and Grundtvig), Youth in Action and five international cooperation programmes (Erasmus Mundus, Tempus, Alfa, Edulink and the programme for cooperation with industrialised countries) – into one integrated programme for education, training, youth and sport, with the aim of improving effectiveness and promoting synergies. The seven-year programme (2014-2020) has a budget of EUR 14.7 billion, which represents a 40% increase in relation to previous spending levels, and will provide grants to 4 million people. New elements include a loan guarantee scheme to help master's degree students to finance their studies abroad. ¹⁶⁸
Adoption of Recommendation on Promoting the Learning Mobility of Young People ¹⁶⁹	Recommends Member States to improve conditions for learning mobility, among other things by increasing quality of guidance and information on opportunities for learning mobility, preparing opportunities for mobile learning (e.g. through improved language education), reducing administrative burdens that represent a barrier to mobility and promoting the portability of grants and loans. ¹⁷⁰
Publication of the first Mobility Scoreboard ¹⁷¹	Follows up on the Council Recommendation from 2011, which called on Member States to support the creation of a methodological framework to monitor progress in terms of promoting learning mobility. It focuses on the key areas highlighted by the Council in its recommendation, namely information and guidance about mobility opportunities, portability of student aid, knowledge of foreign languages, recognition of studies abroad and support for students from disadvantaged backgrounds. ¹⁷²

¹⁶⁴ The Gallup Organisation/European Commission, Flash Eurobarometer 319b - Youth on the Move - Summary, 2011; European Commission, The Erasmus Impact Study: Effects of Mobility on the Skills and Employability of Students and the Internationalisation of Higher Education Institutions, 2014; European Parliament, Improving Participation in the Erasmus Programme, 2010.

¹⁶⁵ http://europa.eu/rapid/press-release_IP-14-821_en.htm.

¹⁶⁶ As referenced above.

¹⁶⁷ Regulation No. 1288/2013.

¹⁶⁸ http://europa.eu/rapid/press-release_IP-14-821_en.htm; European Commission, Erasmus + Programme Guide, 2014. See also: http://ec.europa.eu/programmes/erasmus-plus/discover/index_en.htm.

¹⁶⁹ Council Recommendation of 28 June 2011 - 'Youth on the move' — promoting the learning mobility of young people (2011/C 199/01)

¹⁷⁰ Ibid.

¹⁷¹ European Commission, Towards a Mobility Scoreboard: Conditions for Learning Abroad in Europe, 2013.

¹⁷² European Commission, EU Mobility Scoreboard: more effort needed to promote studies and training abroad for students, 2014.

Achievement	Key aspects relevant for the single market
Review of ECTS Users' Guide ¹⁷³	Will provide a revision of the 2009 ECTS Users' Guide to take into account recent developments in higher education and ensure the proper implementation of the ECTS system. ¹⁷⁴
Development of U-Multirank ¹⁷⁵	Provides a new ranking system for universities and colleges. It covers various aspects of higher education, including research, teaching, international orientation, knowledge transfer and regional engagement. ¹⁷⁶
Publication of guidance on the rights of mobile students in the European Union ¹⁷⁷	Aims to summarise and set out the Commission's interpretation of the law in regard to the rights of mobile students within the EU, as a guide for Member States, universities and other stakeholders, and to inform young people so that they may be aware of their rights. ¹⁷⁸
Launch of the European Skills Passport (ESP) ¹⁷⁹	Launched together with a new Europass CV format in 2012. The ESP is a user-friendly electronic folder that allows job-seekers to present their qualifications and certificates in a recognisable way throughout the EU. ¹⁸⁰
Development of the initiative 'Your first EURES job' ¹⁸¹	Launched in 2012 and aims to help young Europeans find a job, traineeship or apprenticeship in other EU countries. Under the scheme, national employment services provide support – information, recruitment, matching, placement and funding – for both young jobseekers and businesses interested in recruiting from outside their home country. It set itself the target of facilitating 5,000 placements between 2012 and 2015. ¹⁸²
Adoption of Recommendation on the establishment of the ECVET ¹⁸³	Aims at the establishment of a European Credit system for Vocational Education and Training (ECVET). This would allow attestation and recording of learning outcomes acquired in various contexts, both in other countries and through formal, informal or non-formal learning. Learning outcomes can be transferred to a person's 'home' system to be counted towards the obtainment of a qualification. Member States are free to adopt this recommendation and implement the system. ¹⁸⁴

Source: Civic Consulting, based on sources indicated in table. Selection of legislative/policy achievements based on literature and interviews with relevant stakeholders.

¹⁷³ See the 2009 Users' Guide: http://ec.europa.eu/education/tools/docs/ects-guide_en.pdf.

¹⁷⁴ See http://ec.europa.eu/education/tools/ects_en.htm.

¹⁷⁵ www.u-multirank.eu.

¹⁷⁶ See http://ec.europa.eu/education/tools/u-multirank_en.htm.

¹⁷⁷ European Commission, SEC(2010) 1047 - A guide to the rights of mobile students in the European Union, 2010.

¹⁷⁸ Ibid.

¹⁷⁹ <http://europass.cedefop.europa.eu/en/documents/european-skills-passport>. This also corresponds to a complementary action under the Single Market Act I concerning citizens' mobility.

¹⁸⁰ See <http://europass.cedefop.europa.eu/en/about/news?start=0&limit=42>.

¹⁸¹ <http://ec.europa.eu/social/main.jsp?catId=993>.

¹⁸² Ibid.; European Commission, Your First EURES Job: Progress Summary 2014Q1, 2014.

¹⁸³ Recommendation of the European Parliament and of the Council (2009/C 155/02) of 18 June 2009 on the establishment of a European Credit System for Vocational Education and Training (ECVET).

¹⁸⁴ http://europa.eu/legislation_summaries/education_training_youth/lifelong_learning/c11107_en.htm.

3.3.3. Evidence of impacts on economic growth of actions relevant for the single market

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to the flagship initiative 'Youth on the Move' and relevant for the single market.¹⁸⁵ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

In general, measures to improve education and youth employment have a significant potential to contribute to economic growth in the EU. According to an estimate by Eurofound, the cost of the economic inactivity and/or unemployment of young people amounted to EUR 153 billion in 2011, which is equivalent to around 1.2% of EU GDP.¹⁸⁶ At the same time, while unemployment among young people is high, there were two million unfilled vacancies in the EU in 2012, many of which could not be filled due to a lack of workers with the necessary skills.¹⁸⁷ A wide range of measures could be necessary to address these problems, only one aspect of which would be increasing the mobility of young people. However, there are indications that youth mobility could play a major role.

While quantitative evidence of the contribution of youth mobility to GDP growth could not be identified for this study, an impact assessment conducted by the Commission on the creation of a single EU programme for education, training, youth and sport (later established by the Erasmus + regulation) estimated that the policy could have positive effects on both economic growth and employment. Another impact assessment on a Council Recommendation on Youth Mobility also predicted positive economic and social effects. Furthermore, there is evidence that the 'Your first EURES job' scheme could already be leading to savings, with the benefits per successful work placement ranging from EUR 131 per month in Bulgaria to EUR 2,266 per month in Luxembourg, due to reduced expenditure on unemployment benefits. In addition, several studies suggest that study abroad programmes such as Erasmus can improve the employability of participants. One of these presents evidence that graduates who had taken part in a study abroad programme were 24% more likely to be in employment three years after graduation relative to graduates who did not study abroad. Other studies have established that former Erasmus participants are more likely to work abroad later in life, relate positively towards the EU, identify as European and/or speak more foreign languages in comparison with non-mobile graduates.¹⁸⁸ Finally, former Erasmus students are half as likely to experience long-term unemployment compared with those who have not studied or trained abroad, according to a study prepared for the Commission on the impacts of the Erasmus programme.

Further details are outlined in the table below.

¹⁸⁵ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

¹⁸⁶ Eurofound, NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe, 2012, p. 81.

¹⁸⁷ European Commission, COM (2012) 727 Final - Moving Youth into Employment, 2012, p. 5.

¹⁸⁸ Mitchell, Kristine, "Student Mobility and European Identity: Erasmus Study as a Civic Experience?," *Journal of Contemporary European Research*, Vol. 8, No. 4, 2012, pp. 490–518. Also see Parey and Waldinger (2009) in table below.

Table 19: Impacts of actions relevant for the single market related to learning and employment mobility

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP and employment	The creation of a single EU programme for education, training, youth and sport	Positive impacts on economic growth and employment	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T55}
General economic and social effects	A Council Recommendation on Youth Mobility	Positive economic and social effects	Ex-ante impact assessment conducted by the Commission	European Commission (2010) ^{T56}
Increase in savings	Supporting young people to work abroad via the 'Your first EURES job' programme	Benefits per successful work placement ranging from EUR 131 per month in Bulgaria to EUR 2,266 per month in Luxembourg due to reduced spending on unemployment benefit	Unidentified	European Commission (2014) ^{T57}
Increase in employability	Participation in study abroad programmes while at university	Graduates who studied abroad are around 24% more likely to be in employment three years after graduation relative to graduates who did not study abroad	Ex-post econometric analysis	Di Pietro (2013) ^{T58}
	Participation in Erasmus programme	Former Erasmus students are half as likely to experience long-term unemployment compared with those who have not studied or trained abroad	Survey of former students (both mobile and non-mobile), ex-post	European Commission (2014) ^{T59}
	Participation in Erasmus programme	While Erasmus students already display a higher level of employability skills than non-mobile students before studying abroad, by taking part in Erasmus they increase their advantage by 42% on average	Survey of students, together with a psychometric analysis, ex-post	European Commission (2014) ^{T60}
	A period of study abroad with the Erasmus programme	54% of former Erasmus students believe studying abroad helped them get their first job	Survey of former Erasmus students	Teichler and Janson (2007) ^{T61}
	A period of study abroad	29% of employers feel that a graduate who has studied abroad is more employable	A survey of over 230 employers	Fielden (2007) ^{T62}
Increase in labour mobility	Studying abroad	An increase in a person's probability of working abroad by about 15 percentage points	Ex-post econometric analysis	Parey and Waldinger (2009) ^{T63}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

The inclusive nature of the 'Youth on the Move' initiative is clear, in the sense that it aims at combatting youth unemployment. Arguably, however, it also contributes to sustainability and innovation, as students who take part in the Erasmus programme are more likely to work abroad later in life than those who stay in their own Member State for their entire study period. As explained further in Section 3.6.3 on the flagship initiative 'An Agenda for New Skills and Jobs', labour mobility is seen as necessary to overcome skills shortages that could potentially hinder the development of a smart and sustainable economy.

3.3.4. Conclusions on key single market-related achievements under the flagship initiative and related contributions to growth

Single-market related actions that took place within the scope of the flagship initiative 'Youth on the Move' have focused on encouraging the learning and employment mobility of young people. While little quantitative evidence on the contribution of these policies to economic growth could be identified, the available evidence nonetheless suggests that they can have a positive impact on the European economy, among other things by increasing the employability of young people, as well as their mobility later in life.

A major achievement has been the regulation establishing Erasmus+, which combines the EU's education, training, youth and sport schemes into one integrated programme, with the aim of improving effectiveness and promoting synergies. It is hoped that this can build on the success of previous measures relating to learning mobility, which have already contributed to a very significant increase in the number of students studying abroad since the 1980s. Other actions taken in the 7th legislature include the Council Recommendation on the Learning Mobility of Young People, the launch of a Mobility Scoreboard, the review of the ECTS Users' Guide, the launch of U-Multirank, the Recommendation on the establishment of the ECVET and the publication of guidance on the rights of mobile students within the EU. Besides these activities, all of which are related to learning mobility, the launch of the European Skills Passport and 'Your first EURES job' have also taken place within the scope of the 'Youth on the Move' flagship initiative.

However, more could be done to overcome the remaining barriers to youth mobility. Just 10% of EU students go abroad to study or train, which is only half of the EU's goal of 20% overall student mobility. Based on surveys of non-mobile students, major obstacles to studying abroad include language issues, financial barriers and problems regarding recognition of credits and integration of courses completed abroad into overall degree, as well as lack of awareness regarding possibilities to study abroad and receive funding.

3.4. Flagship initiative 4: A Resource-efficient Europe

3.4.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'Resource-Efficient Europe' aims to support the shift towards a low-carbon economy that is efficient in the way it uses all resources. The aim is to decouple economic growth from resource and energy use, reduce CO₂ emissions, enhance competitiveness and promote greater energy security. It is specifically aimed at achieving the energy and climate headline targets of the Europe 2020 strategy - i.e. reducing greenhouse gas emissions by at least 20% compared to 1990 levels; increasing the share of renewable energy in final energy consumption to 20%; and moving towards a 20% increase in energy efficiency. The box below presents the Commission's goals under the flagship initiative in further detail.

Box 4: EU goals under the 'Resource-efficient Europe' flagship initiative¹⁸⁹

- Mobilise EU financial instruments (e.g. rural development, structural funds, R&D framework programme, TENs, EIB) as part of a consistent funding strategy, that pulls together EU and national public and private funding;
- Enhance a framework for the use of market-based instruments (e.g. emissions trading, revision of energy taxation, state-aid framework, encouraging wider use of green public procurement);
- Present proposals to modernise and decarbonise the transport sector thereby contributing to increased competitiveness. [...];
- Accelerate the implementation of strategic projects with high European added value to address critical bottlenecks, in particular cross border sections and inter modal nodes (cities, ports, logistic platforms);
- Complete the internal energy market and implement the strategic energy technologies (SET) plan, promoting renewable sources of energy in the single market would also be a priority;
- Present an initiative to upgrade Europe's networks, including Trans European Energy Networks, towards a European supergrid, "smart grids" and interconnections in particular of renewable energy sources to the grid (with support of structural funds and the EIB). [...];
- Adopt and implement a revised Energy Efficiency Action Plan and promote a substantial programme in resource efficiency (supporting SMEs as well as households) by making use of structural and other funds to leverage new financing through existing highly successful models of innovative investment schemes; this should promote changes in consumption and production patterns;
- Establish a vision of structural and technological changes required to move to a low carbon, resource efficient and climate resilient economy by 2050 which will allow the EU to achieve its emissions reduction and biodiversity targets; [...].

As noted in the Commission's recent stock-take of the Europe 2020 strategy,¹⁹⁰ much progress has been made under this flagship initiative towards the relevant Europe 2020 headline targets, which are considered broadly achievable. Specifically:

- The EU already achieved an 18% reduction in greenhouse gas emissions by 2012, and the reduction could be as high as 24% in 2020 compared to 1990, thus over-achieving the target;
- From 7.5% in 2000, the share of renewables already reached 14.4% in 2012. The target of a 20% share by 2020 seems achievable and may be exceeded (around 21%);
- Primary energy consumption fell by around 8% between the 2006 peak and 2012, although a further reduction of 6.3% would be needed by 2020 to meet the energy efficiency target.

¹⁸⁹ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010 (extracts).

¹⁹⁰ European Commission, COM (2014) 130 Final - Communication "Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth," 2014.

3.4.2. Achievements relevant to the Single Market and consumer protection & empowerment during the 7th legislature, and remaining barriers

The flagship initiative 'Resource-Efficient Europe' primarily relates to the energy and transport sectors. In this section we outline key achievements in these sectors considered to fall within the scope of the flagship initiative 'Resource-efficient Europe' that are relevant for the Single Market or consumer protection & empowerment, along with remaining barriers.¹⁹¹ These are presented for the energy and transport sectors separately.

Energy

Key achievements in furthering the single market

A single market for energy is viewed as necessary in order to ensure competitive prices, promote the use of renewable energy, and safeguard security of supply. Significant progress has been made towards the integration of the European gas and electricity markets, with the legislative framework provided by the Third Energy Package, particularly through the unbundling of transmission system operators at the wholesale level.¹⁹² As of June 2013, there were at least 14 EU energy companies that were active in more than one Member State, providing consumers with greater choice and improving their ability to switch. Wholesale prices have seen both significant reduction in price dispersion and for electricity a general drop across the EU, with prices of the major European wholesale electricity benchmarks decreasing by 35–45 % over 2008-2012.¹⁹³ In addition, the Renewable Energy Directive has fostered the creation of a single market for trade in renewable energy. Furthermore, there have also been advances made in terms of infrastructure, such as improved interconnections on the Africa-Spain-France gas corridor and the construction of reverse flow gas projects in Eastern and Central Europe, on the basis of legislation on trans-European energy networks (TEN-E) that facilitates for eligibility for EU funds to finance infrastructure projects.¹⁹⁴

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the Single Market in the energy sector, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

¹⁹¹ Key policy actions outlined by the Commission relevant for the Single Market and consumer protection & empowerment under the flagship initiative are presented in the Annex. It should be noted that policy actions relating to the completion of the internal market for network services such as energy and transport are also outlined in the flagship initiative 'An industrial policy for the globalisation era'. However, as this flagship initiative covers many other sectors or areas relevant to the single market and consumer protection in addition to transport and energy (in contrast to the 'Resource-efficient Europe' flagship initiative, which focuses almost exclusively on transport and energy) we address transport and energy as a whole in this Section alone.

¹⁹² At the time of writing, reportedly the 100th transmission systems operator (TSO) was in the process of being certified by the Commission as compliant with unbundling rules.

¹⁹³ European Commission, SWD (2014) 20 final/2 – Energy prices and costs in Europe, 2014: p25.

¹⁹⁴ Based on Decision No 1364/2006/EC of 6 September 2006 laying down guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision No 1229/2003/EC.

Table 20: Key legislative and policy achievements under the 7th legislature in the energy sector relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of Third Energy Package ¹⁹⁵	The 'Electricity Directive' (Directive 2009/72/EC) introduces common rules for the generation, transmission, distribution and supply of electricity. The 'Gas Directive' (Directive 2009/73/EC) similarly introduces common rules for the transmission, distribution, supply and storage of natural gas. Key requirements were for Member States to unbundle electricity and gas transmission systems and transmission system operators from 3 March 2012, and for Member States to organise a system of third party access to transmission and distribution systems. Regulations 714/2009 and 715/2009 additionally lay down conditions for access to the network for cross-border exchanges in electricity and to the natural gas transmission networks respectively. Regulation 713/2009 establishes the Agency for the Cooperation of Energy Regulators with the aim of exercising at Community level the tasks performed by the Member States' regulatory authorities. ¹⁹⁶
Adoption of Renewable Energy Directive ¹⁹⁷	Sets out a common framework for the promotion of energy from renewable sources, which include wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases. It in particular lays down rules relating to statistical transfers and joint projects between European Community Member States, joint projects with third countries, guarantees of origin, administrative procedures, information and training, and access to the electricity grid for energy from renewable sources. It also harmonises sustainability criteria for biofuels and bioliquids, thus facilitating their cross-border trade. ¹⁹⁸
Adoption of guidelines for trans-European energy infrastructure ¹⁹⁹	List and rank, according to the objectives and priorities laid down, projects eligible for Community assistance, and introduce the concept of 'project of European interest'. They also strengthen project coordination and now fully incorporate the new Member States. ²⁰⁰
Adoption of guidance package to Member States on state intervention in electricity markets ²⁰¹	Provides guidance to Member States on how to design and reform national support schemes (e.g. state subsidies) for renewables and to design adequate generation capacities to ensure the continuous supply of electricity when generation fluctuates, for instance due to changing weather conditions. ²⁰²

Source: Civic Consulting, based on sources indicated in table.

¹⁹⁵ Directive 2009/72/EC; Directive 2009/73/EC; Regulation No 714/2009; Regulation No 715/2009; Regulation No 713/2009.

¹⁹⁶ See http://europa.eu/legislation_summaries/energy/internal_energy_market/index_en.htm for more details.

¹⁹⁷ Directive 2009/28/EC.

¹⁹⁸ See <http://www.ecolex.org/ecolex/ledge/view/RecordDetails.jsessionid=81486EE7CA5E560409D392398C9539A0?id=LEX-FAOC088009&index=documents> for more details.

¹⁹⁹ Regulation 347/2013.

²⁰⁰ See http://ec.europa.eu/energy/infrastructure/ten_e/ten_e_en.htm for more details.

²⁰¹ Outlined in COM (2013) 7243 final; and detailed in SWD (2013) 438, 439, 440, 441, 442.

²⁰² See http://ec.europa.eu/energy/gas_electricity/internal_market_en.htm for more details.

However, the single market for energy is not yet complete. There remains a high level of market concentration in regard to generation: in 2012, in nine Member States more than 70% of the electricity generation market was under the control of the historic incumbent.²⁰³ There have been some delays in the transposition of the Third Energy Package Directives (although only one case for non-transposition was still pending in October 2014 according to interviewees, down for 12 in October 2013).²⁰⁴

The fragmentation of energy markets in the EU is also illustrated by the high level of retail price divergence for both electricity and gas, which have also not echoed the global downward trend in wholesale prices: on average, the EU household electricity prices increased by more than 4% a year between 2008 and 2012.²⁰⁵ Indeed, much of the legislation relating to the internal energy market focuses to the wholesale level, such that less has been achieved in furthering the single market at retail level, as pointed out in a recent Commission roadmap.²⁰⁶ Reasons for retail price divergence include price regulation in some Member States, differing levels of competition, variations in network costs and taxes, non-diversified supply and a lack of cross-border interconnections. The figure below shows differences in household electricity prices across the EU in 2013.

Figure 7: Electricity price for households, second semester of 2013 (in EUR/MWh)



Source: Eurostat (nrg_pc_204). Electricity prices with all taxes and levies included.

²⁰³ See http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/File:Market_share_of_the_largest_generator_in_the_electricity_market_1999-2012_%25.png.

²⁰⁴ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

²⁰⁵ European Commission, SWD (2014) 20 final/2 – Energy prices and costs in Europe, 2014 ; p9.

²⁰⁶ European Commission, Roadmap – Action Plan to implement internal energy market at retail level, November 2013.

Nonetheless, the necessary legislative framework is considered by interviewees to be largely laid down in the Third Energy Package; a key priority is therefore the timely and comprehensive transposition of the Third Energy Package directives, and their enforcement.²⁰⁷ Other priorities include the adoption and application of electricity and gas network codes (which facilitate cross-border trade in energy); increasing interconnection capacity with neighbouring countries, in particular through ensuring the relevant infrastructure is available; and rethinking state intervention to avoid distortive effects on market functioning.²⁰⁸

Key achievements in improving consumer protection & empowerment

Consumer protection and empowerment in the energy sector relates inter alia to ensuring consumers are adequately informed and are aware of their rights, can choose and switch between multiplier suppliers, that prices are transparent, and that adequate dispute resolution mechanisms are in place. Eco-labelling and new technologies like smart metering are considered to play a significant role in empowering consumers to control their energy use and participate in energy markets.

The Third Energy Package and the Energy Efficiency Directive in particular have created the legal framework for a series of new consumer rights. These should make it easier for consumers to switch, compare suppliers and monitor their energy use. In addition, several Member States have announced plans to roll-out smart-metering systems for electricity in the coming years, so that 84% of consumers in the EU should be covered by 2020. Plans are also in place for the roll-out of smart meters for gas, with current plans encompassing 30% of consumers.²⁰⁹

The table below describes key legislative/policy achievements under the 7th legislature relevant for consumer protection and empowerment in the energy sector, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

²⁰⁷ Importantly, key action 4 of the Single Market Act II of 2012 involved ‘improv[ing] the implementation and enforcement of the third energy package and mak[ing] cross-border markets that benefit consumers a reality’; to address this the Commission proposed an Action Plan for Europe, of which the key actions are outlined in European Commission, COM (2012) 663 Final - Making the Internal Energy Market Work, 2012. See Section 3.8.1 on for further details on the Single Market Acts and an overview of the state of play of the various key actions of the Single Market Acts.

²⁰⁸ As highlighted in European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

²⁰⁹ Ibid.

Table 21: Key legislative and policy achievements under the 7th legislature in the energy sector relevant for consumer protection and empowerment

Achievement	Key aspects relevant for consumer protection & empowerment
Adoption of Third Energy Package	<p>The Electricity and Gas Directives of the package lay down universal service obligations and consumer rights in relation to electricity and gas provision. In particular, according to the Electricity Directive:</p> <ul style="list-style-type: none"> • Member States shall ensure that all customers have the right to choose their electricity supplier and to change supplier easily, with the operator's assistance, within three weeks. They shall also ensure that customers receive relevant consumption data. • Electricity suppliers are obliged to inform final customers about: <ul style="list-style-type: none"> - the contribution of each energy source; - the environmental impact caused; - their rights in the event of a dispute. • Member States shall put in place an independent mechanism (energy ombudsman or consumer body) to manage complaints or disputes efficiently. • Member States shall ensure that contractual arrangements, commitment to customers, data exchange and settlement rules, data ownership and metering responsibility are defined. <p>Similar rules apply to the gas market.²¹⁰</p>
Adoption of Energy Efficiency Directive ²¹¹	Provides a common framework of measures for the promotion of energy efficiency within the EU. Measures are estimated inter alia to lead to major energy savings for consumers including easy and free-of-charge access to data on real-time and historical energy consumption through more accurate individual metering will now empower consumers to better manage their energy consumption. ²¹²
Establishing European Energy Consumers' Checklist	Provides consumers with clear information on their rights in the energy field, relating to the right to an electricity connection; a choice of supplier; an easy and fast switch of supplier; clear contract information and right of withdrawal; accurate information on consumption; information on how to use energy more efficiently and on the benefits of using energy from renewable sources; specific consumer protection measures for vulnerable consumers; easy resolution of complaints and disputes; an energy performance certificate for residential property; a national contact point for energy. ²¹³
Adoption of guidance document on vulnerable consumers	Helps Member States in designing the appropriate policy mix to provide the best level of support to consumers in vulnerable situations, in line with the relevant legislation. ²¹⁴

Source: Civic Consulting, based on sources indicated in table.

²¹⁰ See http://europa.eu/legislation_summaries/energy/internal_energy_market/index_en.htm for more details.

²¹¹ Directive 2012/27/EU.

²¹² See http://ec.europa.eu/energy/efficiency/eed/eed_en.htm for more details.

²¹³ See http://ec.europa.eu/energy/gas_electricity/consumer/doc/20140617_consumer_rights_en.pdf for more details.

²¹⁴ See http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/20140106_vulnerable_consumer_report.pdf for more details.

Despite these achievements, much remains to be done. Electricity supply was in the bottom sixth of consumer service markets assessed in the last Consumer Markets Scoreboard, with gas supply also in the bottom third (of a total of 31 service markets evaluated).²¹⁵ Both services received low scores for comparability, choice and switching. Retail energy markets continue to be marked by a high degree of supplier market concentration, and retail prices in many Member States continue to be highly regulated. Key priorities of the Commission therefore include continued action to spur on competition in the sector; the phase out of regulated prices, whilst ensuring the protection of vulnerable consumers; and further action to promote consumer participation in the market.²¹⁶

Transport

Key achievements in furthering the single market

Achieving a single market for transport is part of the overarching aim of the flagship initiative 'Resource-efficient Europe', and involves creating a low-carbon, resource-efficient, secure and competitive transport system. Part of this is the creation of a single European transport area, which is expected to ease the movements of citizens and freight, reduce costs and enhance the sustainability of European transport.²¹⁷ Some advances have been made in recent years in terms of creating a single market for transport. For example, market opening in the aviation sector has led both to a significant increase in the number of passengers flown and to a substantial decrease in prices since the 1990s. International road haulage has also grown as the result of market opening, by as much as 32% between 2000 and 2011.²¹⁸

Many of main key legislative/policy achievements furthering the single market in the various transport modes occurred prior to the 7th legislature; however key exceptions are Regulations No 1072/2009 and No 1073/2009, which respectively lay down common rules for the access to the international road haulage markets and international markets for coach and bus services. However, overall, integration of the EU's transport sector has been limited, such that several major proposals and initiatives have been proposed for the various modes recently, as shown in the table below (selected on the basis of a review of relevant literature, including key EU policy documents, as well as interviews with academic experts and stakeholders, including the relevant Commission officials).

²¹⁵ European Commission, SWD (2014) 212 Final - Consumer Markets Scoreboard - Making Markets Work for Consumers - 10th Edition, June 2014, 2014.

²¹⁶ As indicated in European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

²¹⁷ European Commission (DG MOVE), Roadmap to a Single European Transport Area - Towards a Competitive and Resource-Efficient Transport System, 2011.

²¹⁸ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013, p. 16.

Table 22: Key legislative achievements under the 7th legislature in the transport sector relevant for the single market

Achievement	Key aspects relevant for the single market
Proposal for a Fourth Railway Package ²¹⁹	Aims to improve the quality of passenger rail services and reduce fragmentation of the internal market in passenger rail services, building upon the previous railway package. The new rules seek to ensure that all operators have access to rail infrastructure, give new operators more opportunities to compete for public service contracts and harmonize safety certification and vehicle authorization procedures in order to cut costs and save time. ²²⁰
Proposal to update the Single European Sky Package (SES2+) ²²¹	Proposes to update the Single European Sky (SES) regulatory package aimed at enhancing safety standards and overall efficiency for general air traffic in Europe, which was subsequently reformed in 2009 (SES II). The update focuses on seven main areas: independence and resources of National Supervisory Authorities (NSAs); Support services; Customer focus; Performance scheme and the Performance Review Body (PRB); Functional Airspace Blocks (FABs); Network Manager (NM); and EASA, Eurocontrol and the institutional landscape. ²²²
Expected proposal for a Blue Belt package ²²³	Expected to consist of a package of legislative and non-legislative initiatives to reduce the administrative burden for intra-EU maritime transport to a level that is comparable to that of other transport modes, containing in particular an enhancement of the Regular Shipping Service scheme and, considering economic reality, a facilitation mechanism for vessels that also call in third-country ports. The package would build on a previous action plan of 2009 aimed at a European maritime transport space without barriers. ²²⁴
Adoption of Airport Charges Directive ²²⁵	Aimed at establishing a common framework for the regulation of airport charges at EU airports. It contains in particular provisions relating to non-discrimination between airport users, the use of common charging systems, transparency in determining the level of charges, and the establishment of an independent supervisory authority. ²²⁶

²¹⁹ Legislative proposals to amend Directive 2012/34/EU, Regulation No 1370/2007, Regulation No 881/2004, Directive 2004/49/EC, Directive 2008/57/EC, and repealing Regulation (EEC) 1192/69. The package also corresponds to key action 1 of the Single Market Act II ‘Open domestic rail passenger services to operators from another Member State to improve the quality and cost efficiency of rail passenger services.’

²²⁰ See European Commission, COM (2013) 25 Final - The Fourth Railway Package - Completing the Single European Railway Area to Foster European Competitiveness and Growth, 2013.

²²¹ The SES legislative framework consists of a framework regulation and three technical regulations (N° 549/2004, 550/2004, 551/2004 and 552/2004) revised and extended in 2009 with Regulation No. 1070/2009 (the SES II Package). SES2+ consists of a proposal to update the four SES Regulations and their amendment in 2009, as well as the EASA Basic Regulation (Regulation No 216/2008 as amended by Regulation No 1108/2009). The update also corresponds to key action 3 of the Single Market Act II ‘Accelerate the implementation of the Single European Sky to improve safety, capacity, efficiency and the environmental impact of aviation.’

²²² See http://ec.europa.eu/transport/modes/air/single_european_sky/ses2plus_en.htm for more details.

²²³ The package also corresponds to key action 2 of the Single Market Act II ‘Establish a true Single Market for maritime transport by no longer subjecting EU goods transported between EU seaports to administrative and customs formalities that apply to goods arriving from overseas ports’. At the time of writing, no concrete legislative or non-legislative proposals had yet been made.

²²⁴ European Commission, COM (2013) 510 final – Blue Belt, a Single Transport Area for shipping, 2013.

²²⁵ Directive 2009/12/EC.

²²⁶ See <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URI&SERV:tr0026&from=EN&isLegisum=true> for more details.

Achievement	Key aspects relevant for the single market
Adoption of guidelines for development of the trans-European transport network ²²⁷	Sets out objectives, priorities and outlines of measures for establishing and developing transport networks, to create the framework for identifying projects of common interest. ²²⁸
Adoption of Coach and Bus services Regulation ²²⁹	Establishes the conditions for the international carriage of passengers by coach and bus within the EU and the conditions under which non-resident carriers may operate national transport services within an EU country. ²³⁰
Adoption of International road haulage Regulation ²³¹	Establishes common rules applicable to access to the market in the international carriage of goods by road within the EU. It also lays down the conditions under which non-resident hauliers may operate transport services within an EU country. ²³²

Source: Civic Consulting, based on sources indicated in table.

As mentioned above, integration of the EU's transport sector has been limited. Short sea shipping, port services and railways are all affected by major bottlenecks, and even in the aviation and road haulage sectors there remains a significant level of fragmentation. Rail services in particular are affected by barriers to market entry, with domestic passenger services largely closed to competition.²³³ In 2013, in 16 out of the 25 Member States with rail, incumbent operators' market share remains above 90%.²³⁴ Besides issues related to competition, the establishment of a single market for transport is also hindered by insufficient cross-border transport connections. There have also been problems with the transposition and implementation of legislation, with 20 infringement cases against Member States still pending as of November 2013.²³⁵

The graph below shows the evolution of transport prices for consumers, as well as overall consumer prices for the wider economy: as is evident in the graph, only prices of motor cars have increased at a slower rate than overall consumer prices (denoted by 'All items' in the graph).

According to the Commission, key priorities to move forward therefore include ensuring a timely and high-quality transposition of the transport acquis, in particular in the railway sector; opening domestic rail passenger services to competition and ensuring that public service contracts are well defined and awarded following a fair, open and transparent tendering procedure; removing red tape in ports easing customs formalities for intra-EU shipping and easing customs formalities for ships that dock in third country ports; accelerating the implementation of the Single European Sky (SES); reviewing remaining national restrictions to access to domestic road haulage and road passenger markets; and removing bottlenecks and modernising transport infrastructure through the TEN-T corridors.²³⁶

²²⁷ Regulation No 1315/2013.

²²⁸ See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1315&rid=1> for more details.

²²⁹ Regulation No 1073/2009.

²³⁰ See http://europa.eu/legislation_summaries/internal_market/single_market_services/tr0039_en.htm for more details.

²³¹ Regulation No 1072/2009.

²³² See http://europa.eu/legislation_summaries/internal_market/single_market_services/tr0038_en.htm for more details.

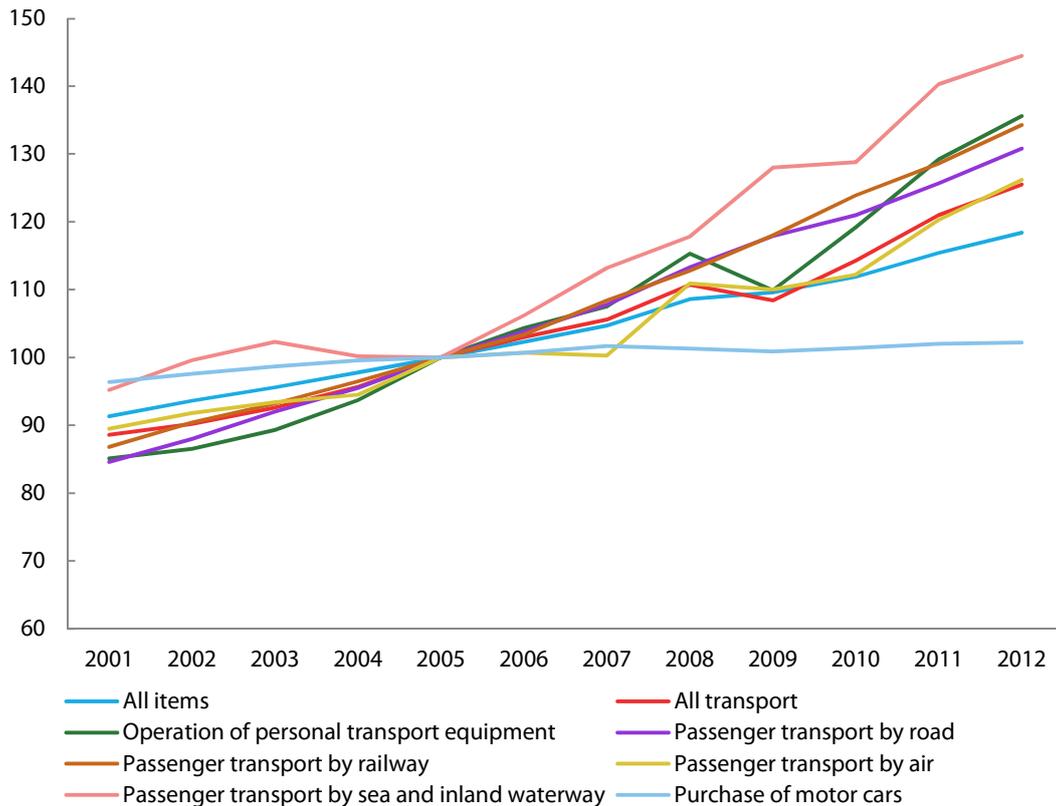
²³³ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

²³⁴ European Commission, SWD (2013) 11 Final - Executive Summary of the Impact Assessment - Proposal for a Regulation of the European Parliament and of the Council Amending Regulation (EC) No 1370/2007 Concerning the Opening of the Market for Domestic Passenger Transport Services, 2013.

²³⁵ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013.

²³⁶ Ibid.

Figure 8: Evolution of transport prices for consumers, 2001-2012 (2005 = 100)



Source: Eurostat (prc_hicp_aind). Harmonised Indices of Consumer Prices (HCIP); figures refer to the EU27.

Key achievements in improving consumer protection and empowerment

Consumer protection and empowerment in the transport sector essentially relates to passenger rights. The EU now benefits from a comprehensive set of basic passenger rights in all modes: air, rail, waterborne and road transport. Many of the legislative achievements relating to passenger rights across the various transport modes have occurred prior to the 7th legislature, in particular the Air Passenger Rights Regulations²³⁷ and the Rail Regulation²³⁸. Key achievements under the 7th legislature relate to air, waterborne and road passenger rights, with the proposal for a Regulation on air passenger rights in 2013 and the adoption of the Waterborne and Bus Regulations in 2010 and 2011 respectively, as well as a proposal for a Directive on package travel and assisted travel arrangements. These modal-specific rights complement the more recently established cross-cutting rights for passengers by the Consumer Rights Directive adopted in 2011. In addition, in light of the need to raise awareness on passenger rights and facilitate a common interpretation in the legislation, the Commission offered guidance in the form of a Communication on Passenger Rights in all transport modes, which also constituted one of the measures envisaged as part of actions relating to consumer empowerment under the Single Market Act I. The table below describes these key achievements under the 7th legislature in further detail, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

²³⁷ Regulations No 261/2004, No 1107/2006, No 1008/2008, and No 889/2002.

²³⁸ Regulation No 1371/2007.

Table 23: Key legislative achievements under the 7th legislature in the transport sector relevant for consumer protection and empowerment

Achievement	Key aspects relevant to consumer protection & empowerment
Proposal for a Regulation on air passenger rights ²³⁹	Would strengthen air passenger rights as well as complaint procedures and enforcement measures, by amending the existing Regulation. Key elements of the proposal include ensuring effective and consistent enforcement of passenger rights; better taking into account the financial capacities of the air carriers; better enforcement of passenger rights with regard to mishandled baggage; and adapted liability limits in accordance to general price inflation.
Adoption of a European vision for Passengers ²⁴⁰	Aims at helping carriers towards a more coherent and effective application of EU law; national authorities towards a harmonised enforcement of passenger protection across all modes; and passengers towards a better understanding of what they can legitimately expect (and what they cannot) as minimum quality service when travelling, by summarising in a simple manner the rights and principles applying to all modes. ²⁴¹
Adoption of Bus Regulation ²⁴²	Establishes rules for the rights of passengers when travelling by bus and coach transport. It covers, inter alia non-discrimination between passengers regarding transport conditions offered by carriers, rights of passengers in the event of accidents, non-discrimination and assistance for disabled persons and persons with reduced mobility, rights of passengers in case of cancellation or delay, minimum information to be provided to passengers, and the handling of complaints. ²⁴³
Adoption of Waterborne Regulation ²⁴⁴	Establishes rules for the rights of passengers when travelling by sea and inland waterway transport. The coverage of areas and rights is similar to those described for the Bus Regulation. ²⁴⁵
Adoption of Consumer Rights Directive ²⁴⁶	In the transport sector, the Directive aims to increase transparency for passengers, especially when buying their transport tickets on-line. It explicitly bans pre-ticked boxes, internet 'cost traps' and additional charges which passengers were not duly informed about in advance. Additionally, it prohibits traders from charging fees for the use of means of payment (e.g. credit cards) that exceed the cost borne by the trader for the use of these means. ²⁴⁷
Proposal for a Package Travel Directive* ²⁴⁸	Would modernise EU rules on package holidays. Key elements of the proposal include stricter controls on price surcharges and a requirement to pass on price reductions; improved cancellation rights; better information on liability; better redress; and a single point of contact for complaints. ²⁴⁹

Source: Civic Consulting, based on sources indicated in table. (*): Travel services are not explicitly referred to under the Resource-efficient Europe flagship initiative, but as the directive is considered a major achievement in consumer protection and empowerment in the transport sector, we have included it here.

²³⁹ Outlined in COM (2013) 130 final.

²⁴⁰ Based on European Commission, COM (2011) 898 final – A European vision for Passengers: Communication on Passenger Rights in all transport modes, 2011.

²⁴¹ Ibid.

²⁴² Regulation No. 181/2011 amending Regulation No. 2006/2004.

²⁴³ See <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URI&SERV:tr0050&from=EN&isLegisum=true> for more details.

²⁴⁴ Regulation No. 1177/2010.

²⁴⁵ See http://europa.eu/legislation_summaries/transport/waterborne_transport/tr0049_en.htm for more details

²⁴⁶ Directive 2011/83/EU.

²⁴⁷ Based on European Commission, COM (2011) 898 final – A European vision for Passengers: Communication on Passenger Rights in all transport modes, 2011.

²⁴⁸ Outlined in COM (2013) 512 final.

²⁴⁹ See http://europa.eu/rapid/press-release_IP-13-663_en.htm for more details.

Despite progress made on establishing rights, consumer satisfaction assessed through surveys has been shown to differ widely across transport modes: in the 8th Consumer Markets Scoreboard ranking of service markets, airline services were ranked 5th (out of 30), whereas the railway services were ranked 27th. In the 10th Consumer Markets Scoreboard the situation marginally improved for railway services, where it was at 25 out of 31 services markets. The Commission associates the differences in perception by consumers to differences in where the problems lie in each sector. In addition, the Commission notes that even if airline services receive a comparatively more favourable assessment, a fifth of all cross-border complaints in 2013 related to passenger or luggage transport by air.²⁵⁰

3.4.3. Evidence of impacts on economic growth of actions relevant for the single market or consumer protection

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to flagship initiative 'A Resource-efficient Europe' and relevant for the single market or consumer protection and empowerment.²⁵¹ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

Energy

Overall, evidence indicates that single-market and consumer protection/empowerment-related actions in the energy sector have contributed and are likely to contribute substantially to economic growth. In particular, strong benefits from an increase in EU-wide market integration and competition in the form of increases in GDP and in efficiency/savings from switching, welfare gains and lower prices could be achieved. It is estimated that already EUR 13 billion can be saved by consumers in the EU27 by switching electricity suppliers, and that the opening of EU energy markets to greater competition has resulted in welfare gains of around EUR 2 billion per year. In the future, an increase of 0.6-0.8% in EU GDP after 10 years could result from liberalising EU gas and electricity markets, while cost savings of up to EUR 30 billion per year in the EU27 and between EUR 12.5-4 billion per year in the EU27 by 2030 could result from the full integration of gas and electricity markets respectively. Other large potential savings estimated include EUR16-30 billion per year in savings in the EU27 if a true common market for renewable energy were established as envisaged by the Renewable Energy Directive by 2030, and EUR 90-127 billion in savings by 2020 as a result of the implementation of the Eco-design Directive.

Further details are presented in the table below.

²⁵⁰ Recorded by the European Consumer Centres Network in 2013: http://ec.europa.eu/consumers/ecc/ecc_key_statistics_en.htm.

²⁵¹ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

Table 24: Impacts of actions relevant for the single market or consumer protection/empowerment in the energy sector

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP	General increase in EU-wide market integration & competition	0.6-0.8% increase in EU GDP after 10 years as a result of liberalising EU gas and electricity markets	Unidentified, ex-ante	European Commission (2010) ^{T64}
	Investment in electricity and gas networks	An increase of 0.05% and 0.02-0.09% in EU GDP in 2020 for electricity and gas investments respectively, compared to a base scenario	Ex-ante scenario-based macroeconomic modelling	Cambridge Econometrics (2010) ^{T65}
Increase in savings/ efficiency	General increase in EU-wide market integration & competition	- Concerning gas, up to EUR 30 billion in savings per year in the EU27 from market integration - Concerning electricity, EUR 12.5-40 billion in savings per year in the EU27 by 2030 from market integration	Ex-ante based on modelling of a scenario of full market integration	Booz&Co (2013) ^{T66}
		EUR 13 billion in consumer savings by switching electricity suppliers in the EU27	Ex-post extrapolation based on price differences using data from 2009	European Commission (2010) ^{T67}
		Welfare gains of around EUR 2 billion per year as a result of opening of EU energy markets to greater competition	Unidentified, ex-post	EPRS (2013) ^{T68}
		Statistically significant positive correlation, ceteris paribus, between both lower market concentration and more unbundling of distribution networks, and both lower electricity and gas prices	Ex-post econometric regression using panel data for EU-27 countries over 2004-2011	European Commission (2014) ^{T69}
		A decrease of EUR 6 billion in total system cost in the event of full market integration in the EU27	Ex-ante extrapolation of savings at national level under full-integration scenario to EU-27	EPRS (2013) ^{T70}

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
		More than EUR 250 million in gains from trade based on current interconnection capacity between Sweden and Finland	Ex-ante simulations of full-market integration	ACER/CEER (2012) ^{T71}
	Phase-out of regulated prices	EUR 9.5 billion per year in savings in the EU27 if regulated prices were phased out	Ex-ante extrapolation based on savings of EUR 720 million per year in a country the size of Spain or Poland	EPRS (2013/2014) ^{T72}
	Further development of hubs & exchanges	More than EUR 3 billion per year in savings in the EU27 if generation portfolios were physically integrated	Ex-ante extrapolation based on savings of EUR 1.64 billion per year in six EU countries	
	Increased market coupling	EUR 78 million per year in savings on the border of Italy and France alone if their energy markets were fully coupled	Ex-ante estimate, based on case studies in Italy and France	
	Improving balancing markets	EUR 600-900 million per year in savings in the EU27 if transmission system operators managed their balancing operations jointly.	Ex-ante extrapolation based on savings of EUR 300 million from the current International Grid Control Co-operation	
	Implementation of a common market for renewable energy	Cost reductions in the overall energy system by up to EUR 8 billion by 2020 thanks to EU-wide renewable energy trading and achieving the 20% renewable energy target cost efficiently in all Member States	Unidentified, ex-ante	European Commission (2013) ^{T73}
		EUR 16-30 billion per year in savings in the EU27 if there is a true common market for renewable energy as envisaged by the Renewable Energy Directive	Ex-ante estimate, based on a scenario of coordinated renewable investment in line with the Renewable Energy	Booz&Co (2013) ^{T74}

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
			Directive	
	Implementation of Eco-design Directive	EUR 90-127 billion in savings by 2020 as a result of the implementation of the Eco-design Directive	Ex-ante estimated based on a list of 40 products already regulated or in various stages of the process	CSES/Oxford Research (2012) ^{T75} ; Ökopol (2010) ^{T76}
	Price convergence in EU-25 gas markets	EUR 11-18 billion potential savings for the EU25 if lack of cross border infrastructure, cross border capacity hoarding, LTC (oil-indexed) supply contracts and lack of wholesale market liquidity were to be overcome	Ex-ante estimation based on price and consumption data	ACER / CEER (2013) ^{T77}
	Cross-border trade in electricity	Gross welfare benefits of EUR 2.1 billion due to cross-border trade in 2012, based on 24 major interconnectors	Ex-ante based on detailed historical information (including network constraints, supply and demand bids and available cross-border capacity)	
	Implementation of eco-design/energy labelling measures	Consumer savings close to 1% (in 2020) and 2.3% (in 2030) of the current GDP of the EU as a result of the implementation of eco-design/energy labelling measures	Eco-design ex-ante impact accounting	VHK (2014) ^{T78}
	Smart metering roll-out	EUR 1.5 billion in net present value in savings between 2012 and 2032 as a result of the mandatory installation of smart meters across Germany.	Ex-ante scenario-based impact assessment of roll-out of smart meters in Germany	Ernst & Young (2013) ^{T79}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

In addition to contributing to economic growth, many achievements or policy actions in the energy sector relating to the single market or consumer protection and empowerment contribute to improvements in other areas at the same time, most notably in terms of innovation and sustainability. Specifically, increased levels of competition brought on by further EU market integration is likely to spur on innovation, e.g. through the continued development of smart meters, or smart demand-response devices, which empower end-user consumers reducing their electricity consumption in response to power grid needs, economic signals from a competitive wholesale market or special retail rates. Sustainability is also likely to benefit in the long term as the economic incentives to invest in cleaner and renewable energy become increasingly significant in a competitive, integrated market.

Transport

Overall, evidence again indicates the potential for significant economic benefits from single market-related actions in the transport area.²⁵² In the air transport sector, it was estimated that over 1993-2003, the GDP of the EU25 increased by up to 4% and would continue to increase over 2003-2025 by 1.8% as a result of specific supply-side effects of growth in air transport related to liberalisation (business investment and underlying productivity impacts), while demand-side effects could lead to an increase of another 1.3%. The currently proposed policy changes to update the Single European Sky regulations (SES2+, as mentioned above) could result in an increase in EU GDP of EUR 750 million per year by 2020 and EUR 900 million per year by 2030. Full liberalisation of road freight transport could lead to a net benefit in the range of EUR 50-90 billion within the 2015-2035 timeframe, or EUR 2.5-4.5 billion annually. In the railway sector, savings of between EUR 1-2 billion per year could be achieved through further market opening, greater open tendering for public service contracts and continued unbundling until 2034. And in the maritime sector, the liberalisation of provision of port services and increased financial transparency of ports could result in a reduction of total port-related costs by 7%, i.e. EUR 1 billion annually.

Further details are in the table below.

²⁵² No evidence was identified concerning impacts of purely consumer protection and empowerment-related actions in the transport sector (i.e. relating to passenger rights).

Table 25: Impacts of actions relevant for the single market or consumer protection/empowerment in the transport sector

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP	Effects of growth in air transport related to liberalisation (business investment and underlying productivity impacts)	- Over 1993-2003, an increase in EU25 GDP of up to 4% due to supply-side effects - Over 2003-2025, a predicted increase in EU25 GDP of 1.8% due to supply-side effects, and of 1.3% due to demand-side effects	Econometric model (ex-ante and ex-post)	Eurocontrol/Oxford Economic Forecasting (2005) ^{T80}
	Performance-optimised policy changes to update the Single European Sky regulations	Increase in EU GDP of EUR 750 million per year by 2020 and EUR 900 million per year by 2030	Ex-ante impact assessment conducted by the Commission, based on preferred option	European Commission (2013) ^{T81}
Increase in employment	First wave of air transport liberalisation	Creation of some 1.4 million full-time equivalent jobs in the period up to 2006 thanks to air transport liberalisation	Unidentified, ex-post	Intervistas consulting group/EPRS (2014) ^{T82}
Increase in savings/efficiency	Further harmonisation of the EU rail sector	EUR 20-55 billion during the 2015 and 2035 period, or EUR 1-2.75 billion annually	Summation of potential benefits from a range of single-market related actions to address gaps	EPRS / Steer Davies Gleave (2014) ^{T83}
	Full liberalisation of road freight transport	Net benefit in the range of EUR 50-90 billion within the 2015-2035 timeframe, or EUR 2.5-4.5 billion annually		
	Completing the single market for air	EUR 18.2-36.4 billion for the 2014- 2034 period, or EUR 0.91-1.8 billion annually, depending extent of rebalancing of intercontinental traffic	Cost-benefit assessment framework applied to a range of single-market related gaps	EPRS / MCRIT, OIVA and T33 (2014) ^{T84}
	Optimisation of ocean and inland logistic container routes thanks to the completion of the internal maritime market	EUR 26.3-52.6 billion over 20 years, or EUR 1.3-2.6 billion annually, depending on the scenario considered and taking into account international exchanges		

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
	Market opening and vertical unbundling in the railway sector	EUR 18-34 billion over 2019-2034, i.e. EUR 1-2 billion per year, as a result of further market opening, greater open tendering for public service contracts and continued unbundling in the railway sector	Ex-ante impact assessment	Steer Davies Gleave (2012a) ^{T85}
		EUR 43.35 billion savings in net present value as a result of a combination of market opening and vertical separation policies	Ex-ante impact assessment conducted by the Commission	European Commission (2013) ^{T86}
	Revision of the institutional framework of the European Railway Agency and the creation of a Single European Railway	EUR 508 million in the period between 2015 and 2025, or EUR 50 million per year in savings from shared competencies of the European Railway Agency and national supervisory authorities in the fields of certification and rolling authorisation	Ex-ante impact assessment	Steer Davies Gleave (2012b) ^{T87}
	Liberalisation of provision of port services and increased financial transparency of ports	Reduction of total port-related costs by 7%, i.e. EUR 1 billion annually	Ex-ante impact assessment conducted by the Commission	European Commission (2013) ^{T88}
	Review of European slot allocation rules	Savings of EUR 334 million per year due to the authorisation of secondary trading	Ex-ante impact assessment	Steer Davies Gleave (2011) ^{T89}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

Similarly to energy, achievements and policy actions in the transport sector relating to the single market and consumer protection and empowerment are also likely to positively contribute to other areas. Initiatives to further the single European transport area across all modes are on the one hand likely to contribute to innovation in transport services thanks to increased competition. In addition, the continued expansion of the single market for transport services is likely to promote both regional development in supporting better interconnection of areas yet to be sufficiently serviced by transport networks as well as jobs in these areas, thus contributing to greater inclusive growth. However, the overall energy consumption of the transport sector will need to be closely surveyed in light of the growing potential for negative environmental impacts from increasing transport. Transport currently contributes to around a quarter of EU greenhouse gas emissions making it the second biggest greenhouse gas emitting sector after energy, and while emissions from other sectors have generally fallen, those from transport have increased by 36% since 1990.²⁵³

3.4.4. Conclusions on key single market- and consumer protection-related achievements under the flagship initiative and related contributions to growth

Significant achievements have been made within the scope of the flagship initiative 'Resource-efficient Europe' in terms of furthering the single market and improving consumer protection and empowerment. These relate to the energy and transport sectors primarily, both of which may have significant potential to contribute to economic growth if the relevant policy actions continue to be implemented.

In the energy sector, advances have been made in particular regarding wholesale prices, with major European benchmarks decreasing by 35–45% over 2008-2012. The main legislative basis for both the internal energy market and relevant consumer protection and empowerment provisions has largely already been laid, primarily thanks to the adoption of the Third Energy Package, the Energy Efficiency Directive, the TEN-E Regulation and the Renewable Energy Directive. Therefore, and as mentioned by interviewees, greater focus could be placed on ensuring the correct implementation and enforcement of the existing acquis in the sector, rather than initiating new legislative actions. An example of this type of activity that has already been carried out is the adoption of a guidance package on state intervention in electricity markets. Nonetheless, interviewees noted that the existing acquis focuses predominantly on the wholesale level, while work remains to be done at the retail level, as described above (in particular as e.g. retail prices have not mirrored the fall in wholesale prices). As a result, progress in both of these areas, inter alia, remains crucial to securing some of the sector's growth potential. In particular, there is evidence that the liberalisation of gas and electricity markets could lead to a 0.6-0.8% increase in EU GDP over 2011-2020.

As for the transport sector, price data (e.g. for air fares) also point to significant benefits of single market-related reforms. One study in particular has estimated that the supply-side and demand-side effects of air transport liberalisation could, respectively, lead to increases in the EU's GDP of 1.8% and 1.3% over the time-period 2005-2025. A number of transport modes have now seen multiple waves of internal market legislation, and several major initiatives in the various modal sectors of single market – rail, air and sea – have been proposed, as shown above. The adoption and proper implementation of the current proposals could therefore also be a stronger priority, as opposed to fresh policy initiatives. On the other hand, the legislative framework for consumer protection and empowerment in the form of passenger rights is now well-developed; attention could therefore focus on ensuring that rights are adequately upheld to safeguard high levels of consumer satisfaction and trust.

²⁵³ See http://ec.europa.eu/clima/policies/transport/index_en.htm for more details.

3.5. Flagship initiative 5: An industrial policy for the globalisation era

3.5.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'An industrial policy for the globalisation era' aims to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally, based in particular on a revival of the manufacturing industry and associated services. Its goals fall within the scope of the priority of achieving sustainable growth, in particular based on a more competitive economy. The box below presents the Commission's goals under the flagship initiative in further detail.

Box 5: EU goals under the 'An industrial policy for the globalisation era' flagship initiative²⁵⁴

- To establish an industrial policy creating the best environment to maintain and develop a strong, competitive and diversified industrial base in Europe as well as supporting the transition of manufacturing sectors to greater energy and resource efficiency;
- To develop a horizontal approach to industrial policy combining different policy instruments (e.g. "smart" regulation, modernised public procurement, competition rules and standard setting);
- To improve the business environment, especially for SMEs, including through reducing the transaction costs of doing business in Europe, the promotion of clusters and improving affordable access to finance;
- To promote the restructuring of sectors in difficulty towards future-oriented activities, including through quick redeployment of skills to emerging high growth sectors and markets and support from the EU's state aids regime and/or the Globalisation Adjustment Fund;
- To promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets;
- To promote the internationalisation of SMEs;
- To ensure that transport and logistics networks enable industry throughout the Union to have effective access to the Single Market and the international market beyond;
- To develop an effective space policy to provide the tools to address some of the key global challenges and in particular to deliver Galileo and GMES;
- To enhance the competitiveness of the European tourism sector;
- To review regulations to support the transition of service and manufacturing sectors to greater resource efficiency, including more effective recycling; to improve the way in which European standard setting works to leverage European and international standards for the long-term competitiveness of European industry. [...];
- To renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust.

²⁵⁴ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010 (extracts).

Under this flagship initiative, specific actions for the Commission were outlined with a focus on strengthening the single market. These included:

- Developing the Single Market and enforcing intellectual property rights;
- Competition policy;
- Improving infrastructure; and
- Standardisation.

Since the initial flagship initiative outlined in 2010, it has been updated twice in subsequent Communications in 2012 and in 2014, particularly in light of the impact of the economic crisis on several Member States, the subsequent economic stagnation in the EU and the deteriorating outlook for the global economy. Proposed measures relevant to the Single Market built upon those proposed in 2010, and in 2012 emphasised improving the internal market for goods; fostering entrepreneurship to render the internal market more dynamic; improving the internal market for technology, the unitary patent and the protection of intellectual property rights; and international markets.²⁵⁵ In 2014 proposed measures relevant for the Single Market related to completing the integration of networks: information networks, energy and transport; an open and integrated internal market in goods and services; business environment, regulatory framework and public administration in the EU.²⁵⁶

3.5.2. Achievements relevant to the Single Market and consumer protection & empowerment during the 7th legislature, and remaining barriers

As highlighted above, the relevance of the flagship initiative 'An industrial policy for the globalisation era' for the single market is observed primarily for the goods markets, in particular industrial products, business-related services, intellectual property rights, the business environment, and standardisation. In this section we outline key achievements in these sectors considered to fall within the scope of the flagship initiative 'An industrial policy for the globalisation era' that are relevant for the Single Market or consumer protection & empowerment, along with remaining barriers.²⁵⁷

Industrial products and standardisation

Key achievements in furthering the single market

The internal market for products has historically been a main pillar of European economic integration. Intra-EU exports of goods have risen from 12% to 22% as a share of GDP over 1992 to 2012.²⁵⁸ The figure below presents the evolution of intra-EU trade in goods between 2004 and 2013, divided by sector. As it shows, almost all sectors experienced a growth in intra-EU trade during this period (the only exception being commodities and transactions not classified elsewhere in the standard international trade classification (SITC)).

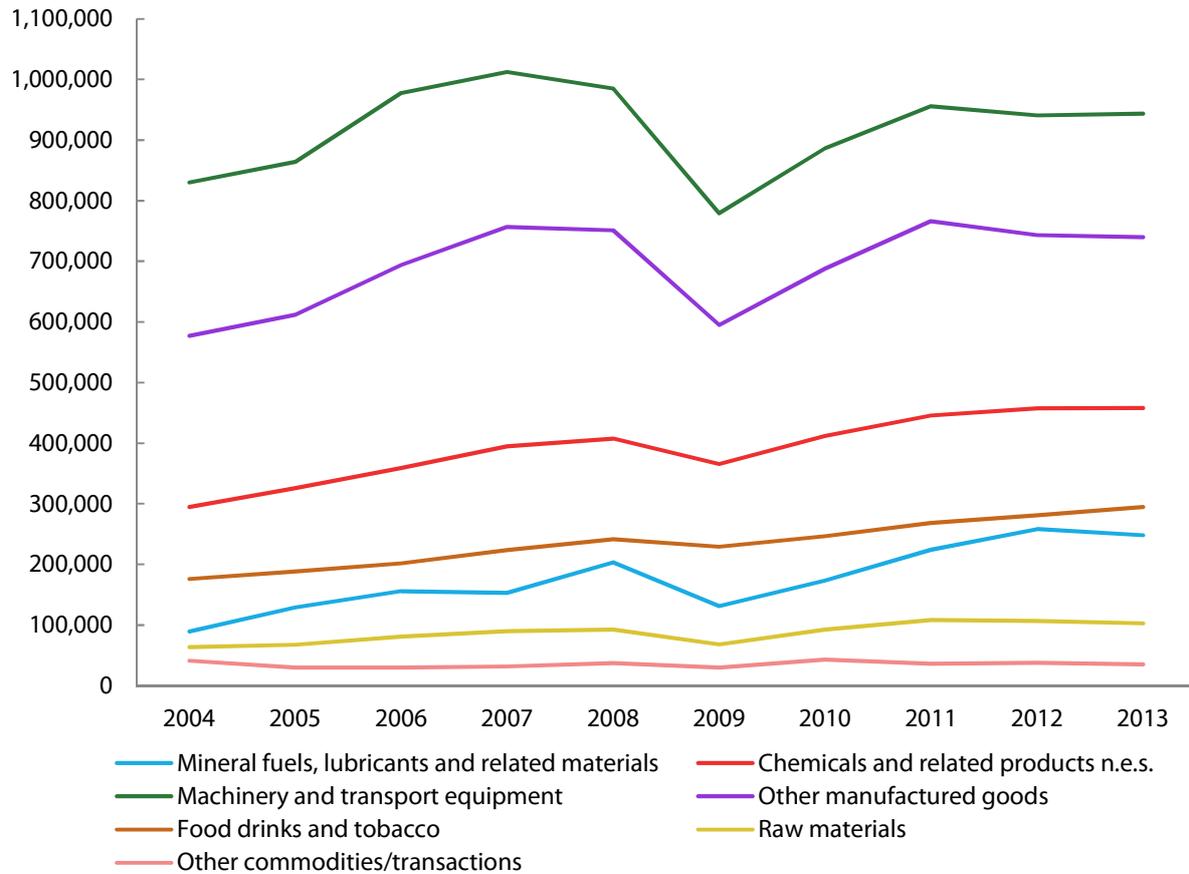
²⁵⁵ See European Commission, COM (2012) 582 Final - A Stronger European Industry for Growth and Economic Recovery - Industrial Policy Communication Update, 2012.

²⁵⁶ See European Commission, COM (2014) 14/2 - For a European Industrial Renaissance, 2014.

²⁵⁷ While specific policy actions relevant for intellectual property rights are outlined in this flagship initiative, this topic is also a key focus of the 'Innovation Union' flagship; we therefore present relevant achievements in this area in Section 3.2.2.1. Furthermore, the flagship initiative details actions in relation to the energy and transport markets; as noted previously, these are detailed under the flagship initiative 'Resource-efficient Europe' in Section 3.4.

²⁵⁸ OECDstat.

Figure 9: Evolution of intra-EU trade in goods (divided by sector), 2004-2013 (exports in millions of ECU/EUR)



Source: Eurostat (ext_It_intratrd). Figures apply to the EU27.

However, there are significant differences between economic sectors. While intra-EU trade increased in almost all sectors covered by Union harmonisation legislation on industrial products between 2000 and 2012, three sectors experienced a reduced intensity of intra-EU trade.²⁵⁹ These were office machines and automatic data processing, metalworking machinery and photographic apparatus. The Commission notes that the reduced level of intra-EU trade in these sectors could partially be related to the economic and financial crisis of 2008, but also to specific developments, such as the spread of smartphones.²⁶⁰

Today more than 30 directives and regulations in the area of industrial products are in force,²⁶¹ with legislation on the internal market for products providing rules for the circulation of more than 75% of all products in the internal market.²⁶² The coverage of legislation ranges from specific products such as pressure equipment and gas appliances, to major sector-specific legislation applying in some areas such as construction products.²⁶³ The key horizontal legislation in the area of single market for industrial products was already laid down in 2008, through a package of measures known as the 'New legislative framework',²⁶⁴ which aimed at improving market surveillance rules, boosting the quality of the conformity assessment of products, clarifying the meaning of CE marking (a conformity

²⁵⁹ European Commission, COM (2014) 25 Final - A Vision for the Internal Market for Industrial Products, 2014.

²⁶⁰ Ibid.

²⁶¹ Ibid.

²⁶² Based on IMCO Committee policy paper.

²⁶³ Ibid.

²⁶⁴ Includes Regulation 756/2008, Decision No 768/2008/EC, and Regulation No 764/2008.

marking for certain products sold within the European Economic Area), and established a common legal framework for industrial products in the form of a toolbox of measures for use in future legislation (established through Decision No 768/2008/EC). More recently, in order to bring product harmonisation legislation in line with the model provisions of Decision 768/2008/EC, an Alignment Package consisting of eight directives was adopted in February 2014. In addition, the Single Market for Green Products initiative adopted in 2013 proposes a set of actions to overcome barriers to the circulation of these products in the internal market. Among other things, the removal of barriers to the free movement of goods can allow manufacturers to benefit from greater economies of scale, by improving access to markets other than those of the Member States in which they are based.

An additional important cross-cutting area of achievement relevant for the single market for industrial products is standardisation: in 2012 the Standardisation Regulation was adopted, which introduced an overhaul of the European standardisation system. As mentioned in the legislation, European standards play a very important role within the internal market, for instance through the use of harmonised standards in the presumption of conformity of products to be made available on the market with the essential requirements relating to those products laid down in the relevant Union harmonisation legislation. Such requirements need to be precisely defined in order to avoid misinterpretation on the part of the European standardisation organisations.²⁶⁵

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the single market relating to industrial products, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

Table 26: Key legislative and policy achievements under the 7th legislature in the industrial products sector relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of sector-specific industrial products directives, including Alignment Package ²⁶⁶	Over fifteen different new directives or amendments of older directives aimed at harmonising rules on a wide range of industrial products, varying from toys to cableway installations, have been adopted during the period 2009-2014. These include an Alignment Package aimed at bringing specific product harmonisation legislation in line with the reference provisions of Decision 768/2008/EC. ²⁶⁷
Adoption of Construction Products Regulation ²⁶⁸	Aims to ensure reliable information on construction products in relation to their performances. This is achieved by providing a 'common technical language', offering uniform assessment methods of the performance of construction products. ²⁶⁹

²⁶⁵ See Regulation No. 1025/2012.

²⁶⁶ The Alignment Package, adopted on 26 February 2014, consists of the Low Voltage Directive (Directive 2014/35/EU); the Electromagnetic Compatibility Directive (Directive 2014/30/EU); the ATEX Directive (Directive 2014/34/EU); the Lifts Directive (Directive 2014/33/EU); the Simple Pressure Vessels Directive: Directive (2014/29/EU); the Measuring Instruments Directive (Directive 2014/32/EU); the Non-automatic Weighing Instruments Directive (Directive 2014/31/EU); and the Civil Explosives Directive (Directive 2014/28/EU).

²⁶⁷ See European Commission, COM (2014) 25 Final - A Vision for the Internal Market for Industrial Products, 2014; and http://ec.europa.eu/enterprise/policies/single-market-goods/internal-market-for-products/new-legislative-framework/index_en.htm for further details.

²⁶⁸ Regulation No. 305/2011.

Achievement	Key aspects relevant for the single market
Adoption of Single Market for Green Products initiative ²⁷⁰	Proposes common methods to measure the environmental performance of products and organisations, in order to overcome barriers to the cross-border marketing of green products. ²⁷¹
Adoption of Standardisation Regulation ²⁷²	Aims at modernising and improving the European standards setting framework system to make it faster and more inclusive. Among other things, it sets a directly applicable framework for using harmonised standards in Union harmonisation legislation, and sets obligations to European standardisation organisations and national standardisation bodies on transparency of standardisation processes and on stakeholder participation in European and national standardisation activities. ²⁷³

Source: Civic Consulting, based on sources indicated in table.

Nonetheless, barriers remain. The EU remains a less integrated market than the US, with trade integration 70% lower in the EU than in the US and the price dispersion for tradable goods between EU capitals higher in the EU than in the US.²⁷⁴ Recent results show that technical and administrative barriers (comprising product requirements, labelling and packaging) constituted the most frequent barriers to the trade of goods in the single market (56% of total barriers), and were the primary type of obstacle in all goods sectors (except equipment). They were found to be mainly used in the food (35%) and automotive (26%) industries. Government restrictive practices and policies relating to intellectual property rights, monopolies and subsidies accounted for 16% of all barriers, and were mainly used in the health industry. Barriers relating to mutual recognition represented 18% of all barriers, affecting primarily the equipment industry.²⁷⁵

A recent review of EU internal market legislation on industrial products concluded that the existing legislative framework is relevant to meeting EU objectives relating to the need for technical harmonisation measures with high levels of protection for health and safety, consumers and the environment. It is also marked by a built-in responsiveness to adapt to change.²⁷⁶ Nonetheless, the assessment and public consultation reportedly identified several problems or points for improvement, entailing a number of recommendations. These related to improving the architecture of EU harmonisation legislation; strengthening the effectiveness of the regulatory framework; strengthening the implementation regime for Union harmonisation legislation; and extending the reach of Union harmonisation legislation on products.

²⁶⁹ See http://ec.europa.eu/enterprise/sectors/construction/legislation/index_en.htm for more details.

²⁷⁰ Based on European Commission, COM (2013) 196 final – Building the Single Market for Green Products – Facilitating better information on the environmental performance of products and organisations, 2013.

²⁷¹ See <http://ec.europa.eu/environment/eussd/smgp/> for further details.

²⁷² Regulation No. 1025/2012. The Regulation can also be considered to correspond to key action 5 'Revision of the legislation on the European standardisation system, to extend it to services and make standardisation procedures more effective, efficient and inclusive' under the Single Market Act I. See Section 3.8.1 for further details on the Single Market Acts and an overview of the state of play of the various key actions of the Single Market Acts.

²⁷³ http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/general-framework/index_en.htm.

²⁷⁴ Adrian Dierx and Fabienne Ilzkovitz, Product Market and Sector Monitoring: A New Tool for Governing the European Single Market, 2008.

²⁷⁵ See Egan, Michelle, and Helena Guimaraes, Tackling Barriers to Trade in the Single Market, 2014 for more details.

²⁷⁶ European Commission, COM (2014) 25 Final - A Vision for the Internal Market for Industrial Products, 2014.

The Commission pledged to act by concentrating first and foremost on implementing and enforcing the legislative framework in place. Specifically, it pledged to act by considering ways to strengthen enforcement mechanisms; streamlining and simplifying the existing framework for the marketing of industrial products; better taking into account innovation and technological developments in the elaboration of new proposals relating to industrial products; examining how to improve the interface between manufacturing products and services within the internal market; giving priority to the use of regulations as opposed to directives as the main source of EU law; considering the regrouping of sectoral legislation with other legislation when periodic reviews are carried out; and promoting international convergence in legislation and technical standards for industrial products.²⁷⁷

Key achievements in improving consumer protection & empowerment

Consumer protection and empowerment specifically in the goods sector primarily relates to ensuring the safety and compliance of products and thus the protection of consumers' health. Ensuring the safety of products contributes to maintaining consumer confidence and trust in the market in order to sustain consumption, especially from a cross-border perspective, which in turn is crucial to economic growth, particularly as consumer spending accounts for 56% of the GDP of the EU.²⁷⁸

Comprehensive EU legislation in the area of consumer product safety and market surveillance has existed for some time,²⁷⁹ and has in particular provided the basis of a key achievement, the EU Rapid Alert Exchange Information System (RAPEX).²⁸⁰ However, outdated rules for a globalised market, the patchwork adoption of legislation over years and differences in their application across Member States have led to fragmentation, gaps and uncertainties. In addition, evidence indicates that the existing rules may not be sufficient. For example, consumer confidence in the safety of products has not increased in recent years: in 2012, 27% of EU consumers surveyed thought that a significant number of non-food products were unsafe compared to 25% in 2011 and 20% in 2010; and in 2012 12% of EU consumers surveyed thought that essentially all products are safe, compared to 16% in 2010.²⁸¹ It is notable that in parallel the number of risk notifications sent through RAPEX has increased almost invariably every year (as shown in the graph below), indicating an increasing number of risky products or improved market surveillance.

²⁷⁷ Ibid.

²⁷⁸ European Commission, SWD (2013) 33 Final - Impact Assessment Accompanying the Document Product Safety and Market Surveillance Package, 2013.

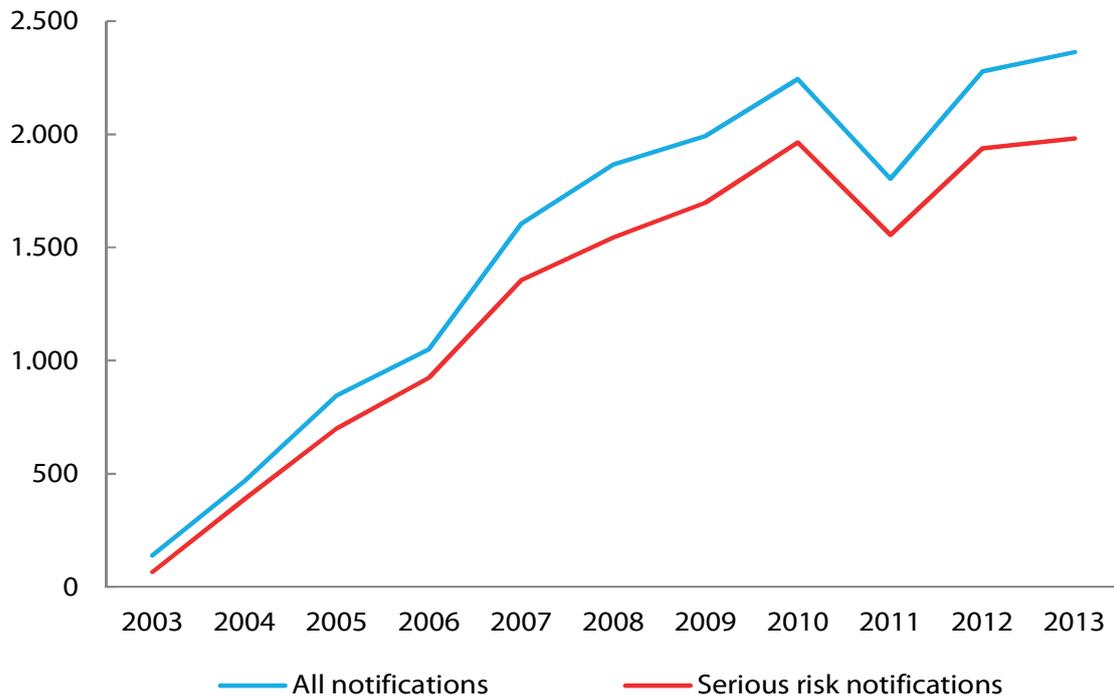
²⁷⁹ The General Product Safety Directive 2001/95/EC (GPSD) contains the core safety provisions regarding most non-food consumer products, and also provides the basis for the EU Rapid Alert Exchange Information System (RAPEX). Market surveillance rules are spread across three separate 'tiers' Regulation 765/2008, the General Product Safety Directive and various pieces of product harmonisation legislation.

²⁸⁰ The system facilitates the rapid exchange of information between Member States and the Commission on measures taken to prevent or restrict the marketing or use of products posing a serious risk to the health and safety of consumers with the exception of food, pharmaceutical and medical devices, which are covered by other mechanisms. See:

<http://ec.europa.eu/consumers/safety/rapex/alerts/main/index.cfm?event=main.listNotifications&CFID=9022149&CFTOKEN=60032528&jsessionid=0900d9d37d7f70bced105e35277725211415> for more details.

²⁸¹ European Commission, Flash Eurobarometer 358 'Consumer attitudes towards cross-border trade and consumer protection' - Report, 2013.

Figure 10: RAPEX notifications for consumer products from 2003 to 2011



Source: European Commission, SWD (2013) 33 final – Impact assessment accompanying the document Product and Market Surveillance Package, 2013.

To address these deficiencies, in 2013 the Commission put forward a proposal for a Product Safety and Market Surveillance Package to update, make more uniform and simplify the existing legislation.

In addition, the Standardisation Regulation mentioned above also has specific relevance for consumer protection, as it facilitates the participation of consumer organisations, environmental and social stakeholders and SMEs in standardisation, and should ensure that mandated standards act in support of EU legislation, including safety, interoperability, security, and access (and beyond the sector of industrial products alone).

Further details are outlined in the table of achievements below, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

Table 27: Key legislative and policy achievement under the 7th legislature in the industrial products sector relevant for consumer protection and empowerment

Achievement	Key aspects relevant for the single market
Proposal for a Product Safety and Market Surveillance Package ²⁸²	<p>Aims to improve the safety of consumer products circulating in the Single Market and market surveillance concerning all non-food products, including those imported from third countries. Key changes proposed include:</p> <ul style="list-style-type: none"> • Alignment of the general obligations of economic operators to ensure the safety of all consumer products with clearer responsibilities for manufacturers, importers and distributors; • More effective tools to enforce safety and other product-related requirements and to take action against dangerous and non-compliant product across all sectors through a single set of coherent rules for market surveillance; • Improved traceability of consumer products throughout the supply chain – enabling a swift and effective response to safety problems (e.g. recalls). Manufacturers and importers shall ensure that products bear an indication of the country of origin of the product where appropriate; • Creation of a more cooperative system of market surveillance across the EU; • Streamlined procedures for the notification of dangerous products, and synergies between the existing Rapid Alert Information System (RAPEX) and the Information and Communication System for Market Surveillance (ICSMS). <p>The multi-annual plan for market surveillance accompanying the legislative proposals sets out 20 concrete actions to be undertaken from now to 2015 to improve market surveillance under the current regulatory framework and until the new rules come into effect.²⁸³</p>
Adoption of Standardisation Regulation	<p>Aims to improve transparency and stakeholder/consumer participation in standard-setting and ensure mandated standards act in support of EU legislation, including safety, interoperability, security, access etc.²⁸⁴</p>

Source: Civic Consulting, based on sources indicated in table.

²⁸² Package of legislative and non-legislative measures including a proposal for a new Regulation on consumer product safety repealing Directive 87/357/EEC and Directive 2001/95/EC (COM(2013) 78 final); a proposal for a single Regulation on market surveillance for products (COM(2013) 75 final); a Communication on more product safety and better market surveillance in the Single Market for products (COM (2013) 74 final)); a Communication on a multi-annual plan for the surveillance of products in the EU (COM (2013) 76 final); and a Report on the implementation of Regulation No 765/2008. The package also corresponds to key action 11 of the Single Market Act II 'Improve the safety of products circulating in the EU through better coherence and enforcement of product safety and market surveillance rules.'

²⁸³ See http://europa.eu/rapid/press-release_IP-13-111_en.htm for more details.

²⁸⁴ See http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/general-framework/index_en.htm.

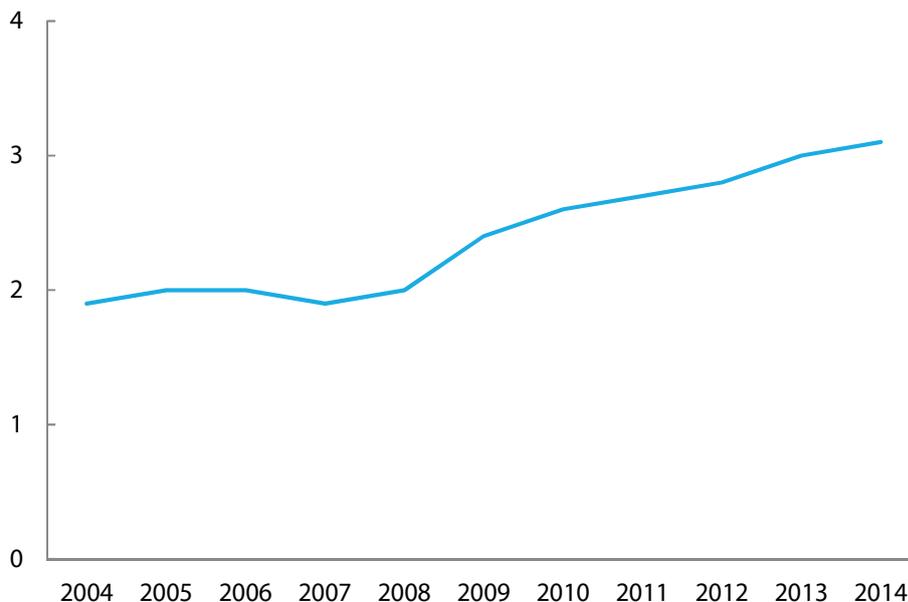
Other areas: combating late payments, business services, entrepreneurship

Achievements relevant to the single market can be identified in several other areas that come within the scope of the 'An industrial policy for the globalisation era' flagship initiative. These include combating late payments, business services, and entrepreneurship. A common thread to these policy areas is their specific relevance to SMEs, of which the development has traditionally been a key priority for EU industrial policy.

Combating late payments

A significant impediment to the development of SMEs in the internal market is that commercial transactions between businesses or between businesses and public authorities are in practice made much later than agreed. The costs, particularly for SMEs and businesses selling cross-border can be significant in terms of operating capital; many have gone bankrupt while waiting for payment. As a result, late payments can significantly hinder the free movement of goods and services in the internal market, as well as competition. The graph below shows that reported losses as a result of debts related to late payments has increased from 1.9% in 2004 to 3.1% in 2014.

Figure 11: Bad debt loss %



Source: Intrum Justitia, European Payment Index 2014 – Infographics, 2014. Results based on survey of 10,000 EU business managers

Despite laws already in place to address late payments since 2000,²⁸⁵ in light of these developments the Commission adopted stronger measures via the Late Payment Directive in 2011. The directive puts in place stricter measures, in particular by harmonising payment periods for payment by public authorities to businesses.²⁸⁶ The Commission

²⁸⁵ Directive 2000/35/EC on combating late payment in commercial transactions.

²⁸⁶ See http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index_en.htm for more information.

expects that if properly implemented, the legislation will result in savings of EUR 180 billion per year due the obligation for public authorities to pay within 30 days.²⁸⁷

Business services²⁸⁸

Business-related services, including professional services (e.g. lawyers, architects, tax advisers, consulting agencies, etc.), constitute an important part of the services sector, representing 11.7% of GDP in 2012.²⁸⁹ They are also specifically relevant for SMEs and businesses operating cross-border.²⁹⁰ And while business services are covered by the Services Directive in what relates to reduction of administrative barriers to cross-border service provision, they are still confronted to specific barriers relating to e.g. quality standards and international trade issues. As a result, as part of the 'An industrial policy for the globalisation era' flagship initiative the Commission set up a High Level Group (HLG) on business services in 2013, with the aim of helping policy makers better understand the current challenges in the sector and to identifying ways to improve the level of productivity and innovation of business-services. The HLG's work finished in April 2014; key recommendations to the Commission are expanded upon in the table below.

Entrepreneurship

The Commission considers entrepreneurship to be a powerful driver of economic growth and job creation in the internal market.²⁹¹ However, evidence indicates that in 2009, 45% of Europeans chose self-employment over being an employee; in 2012 this figure stood at 37%. In contrast, the reported proportions for the United States and China were much higher, at 51% and 56% respectively.²⁹² In light of these considerations, as part of the flagship initiative the Commission established an Entrepreneurship Action Plan. The plan sets out recommendations to Member States to improve the framework conditions and support measures for entrepreneurship as well as actions to stimulate in particular the uptake of digital technologies and e-commerce.

Details on achievements in the areas identified above are provided in the table below, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

²⁸⁷ European Commission, COM (2012) 752 Final - State of the Single Market Integration 2013 - Contribution to the Annual Growth Survey 2013, 2012.

²⁸⁸ This section relates specifically to business services. The services markets in general, particularly those covered by the Services Directive, are discussed separately in Section 4.1.

²⁸⁹ European Commission, COM (2012) 261 Final - A Partnership for New Growth in Services 2012-2015, 2012.

²⁹⁰ European Commission, COM (2012) 582 Final - A Stronger European Industry for Growth and Economic Recovery - Industrial Policy Communication Update, 2012.

²⁹¹ See European Commission, COM (2012) 795 final – Entrepreneurship 2020 Action Plan – Reigniting the entrepreneurial spirit of Europe, 2013.

²⁹² European Commission, Flash Eurobarometer No.354 'Entrepreneurship', 2013.

Table 28: Key legislative achievements under the 7th legislature relating to other areas under the flagship initiative relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of Late Payment Directive ²⁹³	<p>Aims at combating late payment in commercial transactions in order to contribute to the proper functioning of the internal market and to foster the competitiveness of undertakings, particularly small and medium-sized enterprises (SMEs). Specific harmonisation provisions include:</p> <ul style="list-style-type: none"> • Harmonisation of period for payment by public authorities to businesses: Public authorities have to pay for the goods and services that they procure within 30 days or, in very exceptional circumstances, within 60 days; • Contractual freedom in businesses commercial transactions: Enterprises have to pay their invoices within 60 days, unless they expressly agree otherwise and if it is not grossly unfair; • Businesses are automatically entitled to claim interest for late payment and are also able to obtain a minimum fixed amount of EUR 40 as a compensation for recovery costs. They can claim compensation for all remaining reasonable recovery costs; • The statutory interest rate for late payment in the Member States should be increased to at least 8 percentage points above the European Central Bank's reference. Public authorities are not allowed to fix an interest rate for late payment below.²⁹⁴
Setting up a High Level Group on Business Services ²⁹⁵	<p>A High Level Group (HLG) on business services was set up on 14 March 2013, with the aim of helping policy makers better understand the current challenges in the sector and to identifying ways to improve the level of productivity and innovation of business-services. The HLG's work finished in April 2014; key recommendations to the Commission to develop policies for business services included: including business services as a core element in the revision of the Europe 2020 strategy; proactively support firms to seize global opportunities; complete the internal market for business services; focus more on public procurement for SMEs; promoting the upskilling of the labour force; creating the technological infrastructure for future business services; and developing further partnerships with stakeholders.²⁹⁶</p>
Entrepreneurship 2020 Action Plan	<p>Aims at supporting entrepreneurship in the EU on the basis of three main pillars: entrepreneurial education and training to support growth and business creation; strengthening framework conditions for entrepreneurs by removing existing structural barriers and supporting them in crucial phases of the business lifecycle; dynamising the culture of entrepreneurship in Europe: nurturing the new generation of entrepreneurs. Proposed actions particularly targeted at improving the internal market include removing burdensome formalities such as the request to prove authenticity of public documents.²⁹⁷</p>

Source: Civic Consulting, based on sources indicated in table.

²⁹³ Directive 2011/7/EU.

²⁹⁴ See http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index_en.htm for further details.

²⁹⁵ The setting up of a High Level Group on business services constituted one of several actions under the lever 'Services' of the Single Market Act I.

²⁹⁶ See http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/hlg-business-services/index_en.htm and European Commission, High Level Group on Business Services, Final Report, April 2014.

²⁹⁷ See European Commission, COM (2012) 795 final – Entrepreneurship 2020 Action Plan – Reigniting the entrepreneurial spirit of Europe, 2013 for more details.

3.5.3. Evidence of impacts on economic growth of actions relevant for the single market or consumer protection

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to flagship initiative 'An industrial policy for the globalisation era' and relevant for the single market or consumer protection and empowerment.²⁹⁸ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following page.

Evidence indicates that full market integration of the goods markets could contribute significantly to economic growth. In particular, one study shows that integration of goods markets in the internal market has yielded 2.2-3.3% higher per capita GDP in the EU. If the current level of integration of goods continues, GDP per capita in the long run could increase by between 2.2-8.8% in the EU. Moreover, full removal of existing non-tariff barriers (NTBs) and barriers to foreign direct investment (FDI) could lead to the creation of 4.6 billion jobs, according to another study. Research also reveals significant savings to be made as a result of the implementation of relevant actions as part of the flagship initiative, such as EUR 180 billion in savings per year due the obligation of the Late Payment Directive for public authorities to pay for services within 30 days. In addition, qualitative impact assessments from the Commission assess that the implementation of the Alignment Package, as well as that of the Product Safety and Market Surveillance Package, will have a variety of positive economic effects, such as increased competitiveness. Finally, increased use of mutual recognition could see bilateral trade in commercial services among EU countries rise by around 30% to 60%, according to a study from 2005.

²⁹⁸ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

Table 29: Impacts of actions relevant for the single market or consumer protection related to industrial policy

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in GDP	Integration of goods markets	Internal market integration of goods markets has yielded 2.2-3.3% higher per capita GDP in the EU. If the current level of integration of goods continues, GDP per capita in the long run could increase by between 2.2-8.8% in the EU	Econometric model using gravity equation (ex-ante and ex-post)	CPB (2008) ^{T90}
Increase in savings/ efficiency	Implementation of the Late Payment Directive	EUR 180 billion in savings per year due the obligation for public authorities to pay within 30 days	Unidentified, ex-ante	European Commission (2012) ^{T91}
	Simplification measures concerning internal market legislation for industrial products	Increase in total GDP for the EU28 of around EUR 48 million	Ex-ante model-based macro-economic analysis of 8 product sectors for which harmonised EU harmonised legislation exists	CSES (2014) ^{T92}
Cross-cutting	Implementation of Alignment Package	Moderate to significant positive impacts on the internal market, competitiveness, public authorities, consumers, public health, the environment, and regulatory simplification. Moderate to significant negative impacts on costs and administrative burden	Ex-ante qualitative impact assessment conducted by the Commission	European Commission (2011) ^{T93}
	Implementation of the Product Safety and Market Surveillance Package	Decrease in information research costs/legal costs, production costs, costs for competent authorities; increase in safety of consumers, competitiveness of compliant economic operators, effectiveness and efficiency of market surveillance, effectiveness in tracking down unsafe products	Ex-ante qualitative impact assessment conducted by the Commission	European Commission (2013) ^{T94}
Increase in employment	Full removal of existing non-tariff barriers (NTBs) and barriers to FDI	Could lead to the creation of 4.6 billion jobs in the EU28 (i.e. could boost EU-28 job creation by about 2% of total EU employment in 2013)	Ex-ante econometric modelling using gravity model	EPRS / Rand (2014) ^{T95}

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Increase in trade	Full removal of existing non-tariff barriers (NTBs) and barriers to FDI	An increase in intra-EU exports amounting to EUR 269 billion (i.e. equivalent to 1.63% of the EU28's GDP in 2012)	Ex-ante econometric modelling using gravity model	
	Implementation of the Construction Products Regulation	An increase in trade of harmonised construction materials by 0.044 percentage points after establishment of Construction Products Regulation in the short-run	Ex-post econometric modelling	
	Increased use of mutual recognition	Bilateral trade in commercial services among EU countries could increase by 30% to 60%	Ex-ante gravity trade model with simulations	Kox and Lejour (2005) ^{T96}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

In addition to contributing to economic growth, many achievements or policy actions under the industrial policy flagship initiative relating to the single market or consumer protection and empowerment contribute to improvements in other areas at the same time. The Single market for green products initiative, for example, is likely to contribute to enlarging the market for environmentally sustainable products, and thus contribute to sustainable growth. The Entrepreneurship Action Plan, in addition, is aimed at fostering the uptake of digital technologies and e-commerce, and should thus also contribute to boosting innovation.

3.5.4. Conclusions on key single market- and consumer protection-related achievements under the flagship initiative and related contributions to growth

A range of achievements have been made within the scope of the flagship initiative 'An industrial policy for the globalisation era' in terms of furthering the single market and improving consumer protection and empowerment. These relate to the market for industrial products on the one hand, as well as other specific areas relevant for the internal market, including combating late payments, business services, and entrepreneurship.

In the industrial products market in particular, a major legislative reform package has been proposed to improve the safety of consumer products circulating in the Single Market and market surveillance concerning all non-food products. This is supported by specific legislation harmonising rules for a wide range of industrial products, as well as a cross-cutting regulation on standardisation. Further achievements of the 7th legislature include the Construction Products Regulation and the Single Market for Green Products initiative, both of which have already been adopted. The European market for goods has already seen significant progress in integration, with intra-EU trade accounting for 22% of EU GDP in 2011. According to one study, integration of the goods market over the period 1960 to 2000 had already led to a 2.3% to 3.3% increase in the EU's GDP by 2005. However, substantial obstacles remain to intra-EU trade, mostly in the form of technical or administrative barriers. Addressing these barriers could be highly beneficial in terms of growth, as studies show substantial potential future gains in GDP from full integration of the goods markets, possibly as much as a 2.2% to 8.8% increase in the long run.

Other areas relevant for the single market have also seen action under this flagship initiative, a major achievement being the Late Payment Directive, which should lead to important savings from the obligation of public authorities to pay for services within shorter deadlines, and thus contribute to sustaining the development of SMEs in the internal market. Further actions taken include setting up a High Level Group on Business Services and the announcement of an Entrepreneurship 2020 Action Plan.

3.6. Flagship initiative 6: An Agenda for New Skills and Jobs

3.6.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'An Agenda for New Skills and Jobs' is focused on raising employment rates in the European Union. While the effect of the economic crisis on European labour markets has been profound and damaging, the flagship initiative sets the ambitious, overarching goal of raising employment rates for women and men to 75% by 2020. It foresees a range of methods to achieve this goal, including the modernisation of labour markets (according to the principle of 'flexicurity'), improvements in the skills base of the European workforce, the better anticipation of future skills needs, the encouragement of intra-EU labour mobility to more effectively match labour supply and demand, better quality working conditions and stronger policies to promote job creation (e.g. well-targeted employment subsidies).

Box 6: EU goals under the 'An Agenda for New Skills and Jobs' flagship initiative²⁹⁹

- Define and implement the second phase of the flexicurity agenda, together with European social partners, to identify ways to better manage economic transitions and to fight unemployment and raise activity rates;
- Adapt the legislative framework, in line with 'smart' regulation principles, to evolving work patterns (e.g. working time, posting of workers) and new risks for health and safety at work;
- Facilitate and promote intra-EU labour mobility and better match labour supply with demand with appropriate financial support from the structural funds, notably the European Social Fund (ESF), and promote a forward-looking and comprehensive labour migration policy which would respond in a flexible way to the priorities and needs of labour markets;
- Strengthen the capacity of social partners and make full use of the problem-solving potential of social dialogue at all levels (EU, national/regional, sectoral, company), and promote strengthened cooperation between labour market institutions including the public employment services of the Member States;
- Give a strong impetus to the strategic framework for cooperation in education and training involving all stakeholders. This should notably result in the implementation of life-long learning principles (in cooperation with Member States, social partners, experts) including through flexible learning pathways between different education and training sectors and levels and by reinforcing the attractiveness of vocational education and training. Social partners at European level should be consulted in view of developing an initiative of their own in this area;
- Ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education and develop a common language and operational tool for education/training and work: a European Skills, Competences and Occupations framework (ESCO).

As of yet, little progress has been made towards reaching the 75% employment rate goal. Indeed, the employment rate has fallen since the beginning of the flagship initiative, from 69% in 2009 to 68.5% in 2010 and 2011, decreasing further to 68.4% in 2012 and 2013.³⁰⁰ The unemployment rate has meanwhile increased, from 7.1% in 2008 to 10.9% in 2013, with youth unemployment rates particularly high.³⁰¹ These developments should be seen within the context of the challenging economic situation of the last few years. Although the EU's economic performance has improved since suffering a 4.5% contraction of GDP in 2009, its recovery has been sluggish, as the Commission noted in its 2014 stock-taking.³⁰² Nonetheless, current economic forecasts predict an annual GDP growth rate for the EU of 1.6% for the years 2014-2020, and the Commission foresees that the EU's employment rate will rise to 72% over this period. This could potentially rise to 74% if national targets are fulfilled, although the Commission notes that national performances are very diverse.³⁰³

²⁹⁹ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010, pp. 18-19 (extracts).

³⁰⁰ Eurostat (Code: t2020_10).

³⁰¹ European Commission, COM (2014) 130 final/2 - Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, 2014, p. 8.

³⁰² Ibid., pp. 5-6.

³⁰³ Ibid., p. 12.

3.6.2. Achievements relevant to the Single Market during the 7th legislature, and remaining barriers

The main area covered by the flagship initiative 'An Agenda for New Skills and Jobs' that relates to the Single Market is intra-EU labour mobility. None of the actions undertaken within the scope of the flagship initiative relates directly to consumer protection and/or empowerment. In this section we outline key achievements in this area considered to fall within the scope of the flagship initiative 'An Agenda for New Skills and Jobs' that are relevant for the Single Market, along with remaining barriers.

Policies to boost intra-EU labour mobility are seen as an important means of encouraging economic growth in the EU. Free movement for workers within the EU can help reduce unemployment by better matching labour demand with labour supply. It also plays a role in absorbing 'asymmetric' economic shocks between different parts of the Union – the burden on Member States with high levels of unemployment is reduced, while parts of the EU experiencing skill shortages benefit from an increased labour supply. In general, an increase in the mobility of the EU's workforce should lead to a more efficient allocation of human resources, thereby boosting productivity and growth.

Encouraging labour mobility has therefore been a major focus of the flagship initiative 'An Agenda for New Skills and Jobs'. One element of this has been the evaluation³⁰⁴ and subsequent revision of the Professional Qualifications Directive, which was aimed at modernising and simplifying the recognition of qualifications for professionals. Fragmentation in the regulation of professions can be seen as one of the major policy barriers to labour mobility within the EU,³⁰⁵ with training requirements for particular professions varying greatly between Member States. The Professional Qualifications Directive was adopted in 2005 in order to facilitate recognition of qualifications throughout the EU. However, the procedures foreseen under the directive were found to be cumbersome, which was the main basis for a revision of the directive in 2013. The revised directive aims to make the recognition procedure smoother and places strong emphasis on the use of modern technologies to achieve this. Nonetheless, it is not intended as a radical restructuring of the recognition system,³⁰⁶ and significant fragmentation remains, according to one study.³⁰⁷

In addition to the revision of the Professional Qualifications Directive, the Commission has announced proposals to strengthen the pan-European job search network EURES, and already in 2014 a decision was taken by the Parliament and the Council to improve co-operation between public employment services. Moreover, the programme 'Your First EURES Job', launched in 2012, focuses on providing support to young people who wish to take advantage of job opportunities in other Member States (please see Section 3.3.2 on 'Youth on the Move' for further details). The Erasmus for Young Entrepreneurs programme is another targeted mobility scheme for young people, which was initially launched as a pilot project in 2007. It underwent an interim evaluation during the 7th legislature, with the final report recommending a continuation of support. In addition, the Council Recommendation on establishing a Youth Guarantee also aims (among other things) to encourage mobility, as is likewise the case for the European Alliance for Apprenticeships scheme and the Council Recommendation on a Quality Framework for Traineeships. Meanwhile, the first public release of ESCO³⁰⁸ in October 2013 should improve the comparability of skills, competences, qualifications and occupations across the EU.

³⁰⁴ European Commission, Evaluation of the Professional Qualifications Directive (2005/36/EC), 2011.

³⁰⁵ OECD, OECD Economic Surveys - European Union, 2014, p. 67.

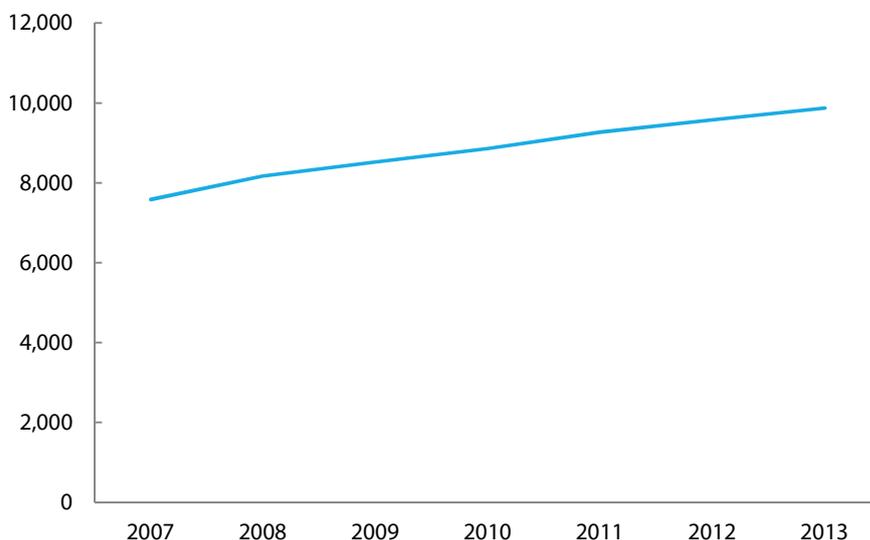
³⁰⁶ http://europa.eu/rapid/press-release_MEMO-13-867_en.htm.

³⁰⁷ European Parliamentary Research Service, The Cost of Non- Europe in the Single Market II - Services, 2014.

³⁰⁸ The European Classification of Skills/Competences, Qualifications and Occupations.

Furthermore, policy action in the 7th legislature has also focused on improving the rights of internal migrants in the EU. In 2013, the Commission released a communication on the free movement of EU citizens, which among other things aimed to clarify their rights and obligations, and the following year a directive was adopted to more effectively enforce the rights of workers living in a Member State other than their own. The rights of posted workers, a specific group of mobile workers, have also been addressed in a new enforcement directive. Finally, actions have also been taken in regard to the social security rights of mobile workers. In particular, a directive has been adopted to improve the protection of their supplementary pension rights. One remaining barrier, however, relates to the access of mobile workers to unemployment and long-term care benefits. For example, a person who goes abroad to look for work in another Member State can currently receive unemployment benefits for a period of only three months (although Member States can choose to extend this to six). A partial revision of Regulations Nos. 883/2004 and 987/2009 relating to coordination of social security schemes is therefore foreseen in order to improve the situation.

Figure 12: The evolution of number of EU citizens aged 15-64 living in another Member State, in millions



Source: Eurostat (Ifsa_pganws). Figures apply to the EU27.

The figure above displays the evolution of number of EU citizens aged 15-64 living in another Member State between the years of 2007 and 2013. As it shows, there has been an increase over this period, from less than 8 million in 2007 to almost 10 million in 2013. Important causes for this development have been the 2004 and 2007 enlargements, as well as the asymmetric nature of the economic crisis. Nonetheless, even in 2012 only 3.1% of the EU workforce was living in a Member State other than their own.³⁰⁹ And while annual cross-border mobility in the EU involved only 0.29% of the population in 2010, mobility between the 50 federal states of the US was 2.4%.³¹⁰ Moreover, according to a recent Eurobarometer survey (carried out in 2013), only 25% of EU citizens would even consider working in an EU Member State other than their own.³¹¹ The reasons most frequently given for not wanting to work abroad were family/personal reasons (47%), simply not wanting to

³⁰⁹ Dhéret, Claire, Alex Lazarowicz, Francesco Nicoli, Yves Pascouau, and Fabian Zuleeg, Making Progress towards the Completion of the Single European Labour Market, 2013, p. 6.

³¹⁰ Konrad Adenauer Stiftung and Institut der deutschen Wirtschaft Koeln, Europe's Single Market – Exploiting Untapped Potentials, 2013, p. 17.

³¹¹ TNS Opinion & Social / European Commission, Special Eurobarometer 398 - Internal Market, 2013, p. 53.

work or live in another country (32%) and language barriers (20%), factors which it is arguably difficult to address with policy action.³¹²

The table below describes in further detail key legislative/policy achievements under the 7th legislature relevant for the Single Market in regard to labour mobility, selected on the basis of a review of relevant literature (including key EU policy documents), as well as interviews with academic experts and stakeholders (including the relevant Commission officials).

Table 30: Key legislative and policy achievements under the 7th legislature in regard to labour mobility relevant for the single market

Achievement	Key aspects relevant for the single market
Adoption of revised Professional Qualifications Directive ³¹³	Aims to modernise the Professional Qualifications Directive in order to achieve greater mobility of skilled workers within the EU. It responds to the need to have a smoother and simpler system of recognition of qualifications, and places emphasis on the use of modern technologies in recognition procedures. Specific elements include the introduction of a European professional card, requirements for Member States to improve access to information about the recognition of qualifications, modernisation of harmonised minimum training requirements, the introduction of common training frameworks, mechanisms to ensure greater transparency and justification of regulated professions and an extension of the scope of the directive to professionals who are not yet fully qualified. ³¹⁴
Proposal for a Regulation on EURES ³¹⁵	Would enhance provision of intra-EU labour mobility support services, thus encouraging mobility and increasing access to employment opportunities throughout the Union. Among other things the regulation would allow EURES to offer more job vacancies on its portal (including those from private employment services), carry out automatic matching through job vacancies and CVs, give basic information on the EU labour market and EURES to any jobseeker or employer throughout the Union, offer candidates and employers mobility support services to facilitate recruitment and integrate workers in the new post abroad, and improve coordination and information exchange on national labour shortages and surpluses among EU countries, making mobility an integral part of their employment policies. ³¹⁶
Establishing the European Classification of Skills/ Competences, Qualifications and Occupations (ESCO) ³¹⁷	Identifies and categorises skills, competences, qualifications and occupations relevant for the EU labour market and education and training. The system provides occupational profiles showing the relationships between occupations, skills, competences and qualifications. It has been developed in an open IT format, is available for use free of charge and can be accessed through an online portal. By introducing a standard terminology for occupations, skills, competences and qualifications, ESCO can help education and training systems and the labour market to better identify and manage the availability of required skills, competences and qualifications. Its multilingual character facilitates increased international transparency and cooperation in the area of skills and qualifications. ³¹⁸

³¹² Ibid., p. 60

³¹³ Directive 2013/55/EU. This also corresponds to Single Market Act I key action 2.

³¹⁴ http://europa.eu/rapid/press-release_MEMO-13-867_en.htm?locale=en.

³¹⁵ Outlined in COM (2014) 6 final. The proposed Regulation will build on Decision of 26 November 2012 implementing Regulation 492/2011 as regards the clearance of vacancies and applications for employment and the re-establishment of EURES. This also corresponds to key action 5 in the Single Market Act II.

³¹⁶ http://europa.eu/rapid/press-release_IP-12-1262_en.htm.

http://europa.eu/rapid/press-release_IP-14-26_en.htm; European Commission, COM(2014) 6 final.

³¹⁷ See European Commission, European Classification of Skills/Competences, Qualifications and Occupations: The First Public Release. A Europe 2020 Initiative, 2013.

³¹⁸ Ibid.

Achievement	Key aspects relevant for the single market
Adoption of Directive on improving the acquisition and preservation of supplementary pension rights for mobile workers ³¹⁹	Establishes minimum standards for the protection of mobile workers' supplementary pension rights. These include provisions to guarantee pension rights after a maximum of three years and to ensure that employees' own contributions cannot be lost. Moreover, the rights of workers who leave an employer-run pension scheme before retirement must be preserved and treated fairly compared to the rights of those workers who remain in the scheme. Additionally, workers have the right to know how potential mobility would affect their pension rights, and those who have left the scheme must be informed about the value of their rights. ³²⁰
Adoption of Posting of Workers Enforcement Directive ³²¹	Improves the application of the Posting of Workers' Directive (96/71/EC) without changing its provisions. It will do this by setting higher standards to inform workers and companies about their rights and obligations; establishing clear rules for cooperation between national authorities in charge of posting; clarifying the definition of posting so as to increase legal certainty and combat abuse; defining the supervisory responsibilities of relevant national authorities; improving the enforcement of workers' rights and the handling of complaints. ³²²
Adoption of Directive to Improve Enforcement of Workers Rights ³²³	Aims to remove existing obstacles to the free movement of workers, such as the lack of awareness of EU rules among employers and the difficulties faced by mobile citizens to get information and assistance in the host Member States. To overcome these barriers and prevent discrimination, the Directive requires Member States to ensure that one or more bodies at national level will provide support and legal assistance to EU migrant workers with the enforcement of their rights and to guarantee effective legal protection of rights and provision of easily accessible information on the rights enjoyed by EU migrant workers and jobseekers. ³²⁴
Roadmap for a Partial Revision of Regulations Nos. 883/2004 and 987/2009 ³²⁵	Would entail a partial revision of the Regulations Nos. 883/2004 and 987/2009 on coordination of social security schemes, with a view to ensuring that persons moving within the EU do not suffer disadvantages in their social security rights. The revision will focus in particular on two areas of social security co-ordination, namely unemployment benefits and long-term care benefits. The roadmap has raised the possibility of extending the mandatory provision of unemployment benefit for EU citizens living in another Member State from three months to six months. ³²⁶
Decision on enhanced co-operation between Public Employment Services ³²⁷	Aims to help Member States' public employment services to improve their effectiveness through closer cooperation. It establishes a platform for comparing the performance of public employment services against relevant benchmarks, identifying good practice and fostering mutual learning. The network will help Member States to implement the country-specific recommendations on improving public employment services. ³²⁸

Source: Civic Consulting, based on sources indicated in table.

³¹⁹ Directive 2014/50/EU. This follows on from of the actions outlined under the 'mobility for citizens' lever in the Single Market Act I.

³²⁰ http://europa.eu/rapid/press-release_IP-14-445_en.htm

³²¹ Directive 2014/67/EU. This also corresponds to key action 10 of the Single Market Act I.

³²² http://europa.eu/rapid/press-release_IP-14-542_en.htm.

³²³ Directive 2014/54/EU.

³²⁴ http://europa.eu/rapid/press-release_IP-14-421_en.htm.

³²⁵ http://ec.europa.eu/smart-regulation/impact/planned_ia/docs/2013_empl_003_coordination_social_security_systems_en.pdf.

³²⁶ Ibid.

³²⁷ Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014 on enhanced cooperation between Public Employment Services (PES).

³²⁸ http://europa.eu/rapid/press-release_IP-14-545_en.htm.

3.6.3. Evidence of impacts on economic growth of actions relevant for the single market

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to the flagship initiative 'An agenda for new skills and jobs' and relevant for the single market.³²⁹ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

Relatively little quantitative evidence was identified about the contribution of intra-EU labour mobility to economic growth. Evidence is particularly sparse regarding specific policy actions that have been taken or are foreseen within the scope of the flagship initiative 'An Agenda for New Skills and Jobs'. Although impact assessments are regularly conducted on proposed policy actions, these in many cases do not estimate the potential impact on economic growth. An exception is the Erasmus for Young Entrepreneurs programme, with the interim evaluation study estimating that an increase in the programme to support 10,000 New Entrepreneurs per year (and the same number of Host Entrepreneurs) could lead to the creation of 6000 new jobs annually.

Nonetheless, other studies in the scientific and policy literature demonstrate that an increase in labour mobility would be positive for economic growth in the EU. One study identified favourable effects that labour mobility could have on countering asymmetrical economic shocks and reducing labour market disparities.³³⁰ Another has estimated that migration within the EU27/EFTA has already led to a reduction in unemployment by up to 6% over the period 2001-2010 (as the study points out, this is not insignificant when one considers the low level of intra-EU mobility). It has also been estimated that EUR 1.3 billion was saved by the Spanish government in 2011 alone as the result of avoided expenditure on unemployment benefits for workers who had emigrated to another EU country.³³¹

A specific aspect of intra-EU labour mobility that has been quite widely addressed by the scientific literature relates to the population flows that resulted from the expansion of the EU in 2004 and 2007. For example, it has been estimated that the long-term effect of the immigration of four million people from the countries that acceded to the EU in 2004 excluding Cyprus and Malta ('the EU8') could be an additional 0.6% in the enlarged EU's GDP. Other studies estimate the impact of recent intra-EU mobility between 2004 and 2007 to be an increase in EU GDP of around 0.2% or 0.27% in the long run. It should be noted, however, that these economic gains are not distributed equally throughout the Union: while the GDP of receiving countries may rise, the sending countries may suffer from a drop in overall wealth. Nonetheless, these losses could potentially be off-set by a decline in population and therefore co-exist with an increase in GDP per capita. Moreover, the effect of remittances sent home by mobile workers may also be able to (at least partially) counteract negative economic consequences for the sending countries.³³² A further issue is the potential role that migration from the EU8 and Bulgaria and Romania could play in increasing unemployment and depressing wages in the EU15. However, several studies suggest that these effects would be minimal or non-existent, while overall employment and wage/income trends throughout the EU could be positively affected by migration flows.

³²⁹ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

³³⁰ OECD, *Migration as an Adjustment Mechanism in the Crisis? A Comparison of Europe and the United States*, 2014.

³³¹ Dhéret, Claire, Alex Lazarowicz, Francesco Nicoli, Yves Pascouau, and Fabian Zuleeg, *Making Progress towards the Completion of the Single European Labour Market*, 2013, p. 30.

³³² Remittances sent home by Bulgarian and Romanian workers amounted to around 3% of GDP for both countries over the period 2004 to 2010. See European Commission, COM (2011) 729 Final - Report on the Functioning of the Transitional Arrangements on Free Movement of Workers from Bulgaria and Romania, 2011, p. 11.

Table 31: Impacts of actions relevant for the single market related to labour mobility

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Effects on GDP	Migration of 4 million people from the EU8 to the EU15	Long-run increase of 0.6% in the EU's GDP ³³³	Ex-ante model simulation	Brücker (2007) ^{T97}
	Labour migration from the EU8 into the EU15 from 2004 to 2007	An increase of 0.2% in the EU's GDP, or around EUR 24 billion ³³⁴	Ex-ante scenario-based modelling	Baas et al. (2010) ^{T98}
	Labour migration from the EU10 into the EU15 from 2004 to 2007	An increase of 0.22% to 0.27% in the EU25's GDP in the medium to long run (i.e. after about ten years) ³³⁵	Ex-ante simulations/modelling	D'Auria et al. (2008) ^{T99}
	Population flows from the EU8 and Bulgaria and Romania into the EU15 between 2004 and 2009	The impact of the population shifts from the EU-8 and Bulgaria and Romania to the EU-15 since 2004 is expected to be small, possibly raising the long-run level of potential output by up to 0.8%. This contrasts with an estimated decrease in the potential output of the sending countries, of 5%-10% for Bulgaria, Romania and Lithuania.	Ex-ante model simulation exercises	Holland et al. (2011) ^{T100}
	Migration from New Member States after 2004 and 2007 enlargements, accounting for differing transitional arrangements for Germany and the UK, for 2004-2011	Additional potential growth of UK's GDP of 2.24% over 2004-2011, compared to only an additional 1.08% in a simulation in which there were no transitional restrictions elsewhere in the EU; additional potential growth of Germany's GDP of 0.64% compared to an additional to 1.59% otherwise	Ex-ante scenario simulation	Baas and Brücker (2010) ^{T101}

³³³ With the GDP of the EU15 increasing by 1.05% and the GDP of the EU8 decreasing by 3.87%.

³³⁴ According to the study, the short-term effect on the EU's GDP would be growth of 0.11%, rising to 0.2% in the long-run. This GDP growth, however, is irregularly distributed throughout the EU: the EU15 grows by 0.13% in the short term and 0.26% in the long-run, while the GDP of the EU8 actually decreases (by 0.52% the short run, 1.10% in the long-run). Nonetheless, GDP per capita increases for the EU8, both in the short-run and the long-run (0.65% and 0.05% respectively). While GDP per capita decreases for the EU15 in the short-term, by 0.09%, in the long-run it increases, by 0.03%.

³³⁵ The figure of 0.27% corresponds to a simulation in which it is assumed that the skills distribution among migrant workers is the same as among the local population. The lower figure applies to a simulation in which it is assumed that more migrants are employed in low skilled jobs. There are, however, major differences between the effects on the EU10 and on the EU15. In the first simulation, the GDP of the EU15 would grow by 0.38%, but GDP per capita would sink by 0.12%; for the EU10 the figures are -2.23% and 0.28% respectively. In the second simulation, the figures for the EU15 are 0.31% and -0.18%, but -1.99% and 0.53% for the EU10.

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
Effects on employment	Total migration within the EU27/EFTA	A reduction of unemployment in the EU27/EFTA by 6% at most during 2001-2010.	Ex-post econometric model	Chaloff et al. (2012) ^{T102}
	10,000 New Entrepreneurs in 'Erasmus for Young Entrepreneurs' programme	Potentially 6000 new jobs created per year	Unidentified, ex-ante	CSES (2011) ^{T103}
Savings	Emigration of unemployed citizens from Spain in 2011	Savings of EUR 1.3 billion due to avoided expenditure on unemployment benefits	Ex-post estimate based on population outflows	Dhéret et al. (2013) ^{T104}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

In so far as freedom of movement for workers contributes to fighting unemployment, the positive impact on inclusiveness is clear. The extent to which it would impact on wage levels is less certain, with evidence pointing in contradictory directions, but potentially labour mobility could also play a beneficial role in this regard.³³⁶ Additionally, it could be an important element of encouraging smart growth in the European Union, as an economy based on innovation is strongly dependent on an available supply of researchers. Indeed, encouraging the mobility of researchers has been an important aspect of the flagship initiative 'Innovation Union', which, among other things, has foreseen the creation of a Pan-European Pension Fund for Researchers. Finally, labour mobility also has the potential to promote sustainability, by helping to overcome skills shortages in the green economy.

3.6.4. Conclusions on key single market-related achievements under the flagship initiative and related contributions to growth

A number of policy actions were undertaken during the 7th legislature with a view to encouraging labour mobility in the EU, a central aspect of the flagship initiative 'An Agenda for New Skills and Jobs'. Although there is a lack of concrete evidence for the contribution of specific actions to economic growth, research suggests that labour mobility in general can play a positive role for the EU's economy, in particular in terms of overcoming asymmetrical economic shocks and mismatches of labour demand and supply. According to one study, the long-term effect of the immigration of four million people from the countries that acceded to the EU in 2004 excluding Cyprus and Malta ('the EU8') could be an additional 0.6% in the enlarged EU's GDP.

Labour mobility in the EU has increased in recent years, driven primarily by the 2004 and 2007 enlargements, as well as the economic crisis. However, it still remains at a relatively low level, as becomes particularly clear when European mobility levels are compared to those in other countries, such as the United States. This can be partially explained by factors such as linguistic barriers and family ties, which are arguably difficult to address with legislation. However, there also exist a number of regulatory obstacles to intra-EU labour mobility, many of which have been the subject of policy action in the last few years.

One of the most important recent developments has been the revision of the Professional Qualifications Directive, which aims to overcome some of the barriers to European professionals having their qualifications recognised in other Member States. Other significant achievements include the launch of ESCO and the directives on the rights of posted workers and on improving the acquisition and preservation of supplementary pension rights for mobile workers. However, barriers to cross-border labour mobility remain to be overcome. A priority could be the adoption of the proposed regulation on EURES, which among other things would aim at improving its coverage of job vacancies across the EU (currently it only covers 30% to 40% of vacancies). The proposed revision of Regulation No. 883/2004 and Regulation No. 987/2009 on the coordination of social security systems could also be carried forward. Beyond the adoption of current legislative proposals, there is also scope for new policy ideas, with potential areas for action including career guidance for mobile workers and language education, as well as further simplification of the system for recognition of professional qualifications (e.g. extension of automatic recognition).

³³⁶ See Baas, Timo, Andreas Hauptmann, and Herbert Brücker, "EU Labor Markets After Post-Enlargement Migration: Who Wins, Who Loses?," in Martin Kahanec and Klaus F. Zimmermann (eds.), *EU Labor Markets after Post-Enlargement*, Springer Verlag, Berlin/Heidelberg, 2010; D'Auria, Francesca, Kieran Mc Morrow, and Karl Pichelmann, *Economic Impact of Migration Flows Following the 2004 EU Enlargement Process: A Model Based Analysis*, 2008; Brücker, Herbert, *Labor Mobility after the European Union's Eastern Enlargement: Who Wins, Who Loses?*, 2007.

3.7. Flagship initiative 7: European platform against poverty

3.7.1. Overview of flagship initiative and progress in achieving Europe 2020 objectives

The flagship initiative 'European Platform against Poverty and Social Exclusion' aims to improve the economic situation and social inclusion of the poorest and most excluded sections of the EU's population. Activity taken within the scope of the initiative focuses among other things on employment, social protection and essential services (such as pensions and health systems), anti-discrimination policies (for example to address gender inequality and marginalisation of Roma populations) and providing support to the development of social enterprise. Overall, the flagship initiative sets a target of lifting 20 million people out of poverty throughout the European Union by 2020.

Box 7: EU goals under the 'Platform against Poverty and Social Exclusion' flagship initiative³³⁷

- Transform the open method of coordination on social exclusion and social protection into a platform for cooperation, peer-review and exchange of good practice, and into an instrument to foster commitment by public and private players to reduce social exclusion and take concrete action, including through targeted support from structural funds, notably the ESF;
- Design and implement programmes to promote social innovation for the most vulnerable, in particular by providing innovative education, training and employment opportunities for deprived communities, to fight discrimination (e.g. disabled), and to develop a new agenda for migrants' integration to enable them to take full advantage of their potential;
- Undertake an assessment of the adequacy and sustainability of social protection and pension systems, and identify ways to ensure better access to health care systems.

However, little progress has been made so far towards achieving the aims of the flagship initiative. As noted in Section 3.6, unemployment in the EU has increased since 2009, while employment levels have sunk. This has contributed to the growth in the number of people at risk of poverty and social exclusion, which has risen from 114 million in 2009 to over 124 million in 2012. While economic forecasts for the coming years suggest moderate growth for the EU, the Commission does not consider that rapid progress will be made in combating poverty, and is not confident that the headline target for reducing poverty rates (which would entail bringing the number of people at risk of poverty down to 96.4 million) can be met. Nonetheless, it does believe it is realistic to reduce the number of people in the EU at risk of poverty to around 100 million by 2020.³³⁸

3.7.2. Achievements relevant to the Single Market and consumer protection/empowerment during the 7th legislature, and remaining barriers

The main areas covered by the flagship initiative 'European Platform against Poverty and Social Exclusion' that relate to the single market or consumer protection/empowerment are

³³⁷ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010, p. 19 (extracts).

³³⁸ European Commission, COM (2014) 130 final/2 - Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, 2014, p. 14.

social enterprise, public procurement, retail banking services and disclosure of non-financial and diversity information by businesses. In this section we outline key achievements in these areas considered to fall within the scope of the initiative that are relevant for the single market or consumer protection/empowerment, along with remaining barriers.

A substantial component of the flagship initiative 'European Platform against Poverty and Social Exclusion' involves encouraging the growth of social business, a sector which already accounts for 10% of all European businesses and has over 11 million paid employees.³³⁹ One quarter of businesses founded in Europe consist of social enterprises, suggesting that the sector has considerable growth potential.³⁴⁰ Moreover, employment in Social Economy Organisations (SEOs) grew by 2.6% in 2011, at a time when aggregate unemployment in many areas was on the increase.³⁴¹ In recognition of the sector's potential to contribute to economic growth, as well as its role in combatting poverty and social exclusion, the flagship initiative places priority on improving the framework conditions for social enterprise within the Single Market and ensuring a level playing field. To these ends, the Social Business Initiative was launched in 2011. This contained in total eleven policy proposals, including one for a Regulation on European Social Entrepreneurship Funds, which has already been adopted and is expected to help investors to easily identify funds that focus on investing in social businesses. The Commission has also proposed a Regulation on the Statute for a European Foundation (FE), although this has not been adopted as of yet.

However, barriers to the development of social enterprise continue to exist. For example, social businesses can find it difficult to access adequate funding (for more details on access to finance for SMEs see Section 3.2.2.2 on the flagship initiative 'Innovation Union'). In addition, more could be done to improve the legal and administrative framework for mutual societies and co-operatives, with the Commission planning a simplification of the European Cooperative Regulation, as well as the creation of a European Mutual Society Statute.

Besides measures to encourage social enterprise, other achievements within the scope of the flagship initiative that are relevant for the single market and/or consumer protection include the revised public procurement directives, which include provisions to boost social inclusion, and the Payment Accounts Directive, which provides all citizens with the right to a basic bank account. Finally, a recently adopted directive on disclosure of non-financial and diversity information aims at improving the transparency of certain large companies on social and environmental matters.

³³⁹ European Commission, COM (2010) 758 Final - The European Platform against Poverty and Social Exclusion: A European Framework for Social and Territorial Cohesion, 2010, p. 17.

³⁴⁰ European Commission, COM (2011) 682 Final - Social Business Initiative - Creating a Favourable Climate for Social Enterprises, Key Stakeholders in the Social Economy and Innovation, 2011, p. 3.

³⁴¹ OECD, Job Creation through the Social Economy and Social Entrepreneurship, 2013, pp. 62 – 64.

Table 32: Key legislative and policy achievements during the 7th legislature under the flagship initiative relevant for the single market and consumer protection

Achievement	Key aspects relevant for the single market and consumer protection
Launch of a Social Business Initiative ³⁴²	Sets out to more fully exploit the growth potential of social business. It contains 11 policy proposals with the aim of improving the access to funding for social businesses, as well as improving their visibility and the legal environment. Some of these measures are listed below, while other measures include the issuing of a European Code of Conduct for Microcredit Provision and the creation of the Social Initiative Europe platform. ³⁴³
Adoption of a Regulation on European Social Entrepreneurship Funds ³⁴⁴	Sets out a new 'European Social Entrepreneurship Fund' label, so investors can easily identify funds that focus on investing in European social businesses. Once the uniform requirements defined in the proposal are met, managers of social entrepreneurship funds will be able to use the new label and market their funds across the whole of Europe. ³⁴⁵
Proposal for a Council Regulation on the Statute for a European Foundation (FE) ³⁴⁶	Would make it easier for foundations to support public benefit causes across the EU. The proposal seeks to create a single European legal form - the 'European Foundation' (FE) – which would be fundamentally the same in all Member States, and would exist in parallel with domestic foundations. Acquiring the status of a European Foundation would be voluntary. ³⁴⁷
Adoption of revised Public Procurement Directives ³⁴⁸	Includes provisions to boost social inclusion. The current contracts' reservation in favour of sheltered workshops has been extended to economic operators whose main aim is the social and professional integration of disabled and disadvantaged workers; and the minimum required percentage of disabled or disadvantaged employees is reduced from 50% to 30%. ³⁴⁹
Adoption of Directive on Payment Accounts ³⁵⁰	Aims to foster the creation of a single market for retail financial services and provides consumers with a right to a basic payment account irrespective of their place of residence or financial situation. It will also improve the transparency of bank account fees and simplify bank account switching. ³⁵¹
Adoption of Directive on Disclosure of Non-Financial and Diversity Information ³⁵²	Proposes to amend existing accounting legislation in order to improve the transparency of certain companies on social and environmental matters. Companies concerned will need to disclose information on their environmental record, social and employee-related issues, respect for human rights, anti-corruption, bribery and diversity. ³⁵³

³⁴² Outlined in COM(2011) 682 final. This is one of the complementary actions foreseen in the Single Market Act in relation to social business.

³⁴³ http://europa.eu/rapid/press-release_MEMO-11-735_en.htm?locale=en.

³⁴⁴ Regulation No. 346/2013. This part of the Social Business Initiative and corresponds to key action 8 of the Single Market Act.

³⁴⁵ http://ec.europa.eu/internal_market/investment/social_investment_funds/index_en.htm.

³⁴⁶ Outlined in COM (2012) 35 final. This is part of the Social Business Initiative and one of the complementary actions foreseen in the Single Market Act in relation to social business.

³⁴⁷ http://europa.eu/rapid/press-release_IP-12-112_en.htm?locale=fr.

³⁴⁸ Directive 2014/24/EU and Directive 2014/25/EU. This is part of the Social Business initiative and corresponds to key action 12 of the Single Market Act.

³⁴⁹ http://europa.eu/rapid/press-release_MEMO-14-20_en.htm?locale=en.

³⁵⁰ Directive 2014/92/EU. This corresponds to key action 12 of the Single Market Act II.

³⁵¹ http://europa.eu/rapid/press-release_STATEMENT-14-237_en.htm?locale=en.

³⁵² Outlined in COM (2013) 207 final. This is one of the complementary actions foreseen in the Single Market Act in relation to social business.

³⁵³ http://europa.eu/rapid/press-release_IP-13-330_en.htm.

3.7.3. Evidence of impacts on economic growth of actions relevant for the single market or consumer protection

In this section we present the evidence collected concerning assessments of impacts on economic growth of actions in areas related to the flagship initiative 'European Platform against Poverty' and relevant to the single market or consumer protection and empowerment.³⁵⁴ The evidence collected refers variously to impacts on increases in GDP itself as well as factors that are considered to be conducive to economic growth, such as efficiency gains, savings and increases in employment. The collection of evidence is based on an analytical approach combining a comprehensive literature review and interviews, which served to identify and categorise relevant impacts. Results are detailed in the table on the following pages.

Although relatively little quantitative evidence could be identified in regard to the contribution of flagship-specific actions to economic growth, there are indications that measures to boost social enterprise could have a positive effect on the EU's economy. For example, an impact assessment conducted by the Commission on the proposal for a Council Regulation on the Statute for a European Foundation claims that this could potentially create 15,000 new jobs, as well as 15,000 volunteer positions. The impact assessment on the proposal for a Regulation on a European Social Entrepreneurship Fund also foresees positive economic effects, predicting that this would lead to higher investment flows to social business. This, in turn, could benefit the wider economy.

Finally, there is much qualitative evidence suggesting that the Directive on Payment Accounts could contribute to economic growth. Lack of access to a bank account can generate a range of additional costs for consumers, for example when paying utility bills, cashing cheques or making bank transfers. Moreover, lack of a debit or credit card can prevent consumers from taking advantage of cheaper products that can only be purchased with these payment methods. Indeed, according to the Commission's impact assessment for the directive, improving access to bank accounts would help stimulate both domestic and cross-border trade, as more people would be able to make online purchases. A further issue to consider is that people without a bank account are often prevented from taking up employment, as payment of wages is carried out by electronic bank transfer.³⁵⁵

³⁵⁴ Evidence has been collected to the extent possible regarding key legislative/policy achievements highlighted in the previous sub-section. Despite this, in many cases the evidence collected does not relate to specific policy actions/achievements, as opposed to general developments and actions.

³⁵⁵ European Commission, Financial Services Provision and Prevention of Financial Exclusion, 2008, p. 54.

Table 33: Impacts of actions relevant for the single market or consumer protection under flagship initiative 7

Type of impact	Driver of impact	Estimation of impact	Type of assessment	Source
General economic benefits	Implementation of a regulation on a statute for a European mutual society	Potentially the creation of economies of scale and a more effective implementation of the Single Market by enhancing cross-border services and providing for a regime for the grouping of mutual societies	Ex-ante qualitative assessment	European Parliament (2013) ^{T105}
Increase in GDP	Implementation of Payment Accounts Directive	Facilitating access to and use of banking services in a universal and habitual manner in the near future would ensure further economic growth	Ex-ante impact assessment conducted by the Commission	European Commission (2013) ^{T106}
Increase in competitiveness	Implementation of Directive on Disclosure of Non-Financial Information	An overall positive impact on the long-term competitiveness of companies	Ex-ante impact assessment conducted by the Commission	European Commission (2013) ^{T107}
Increase in employment	Implementation of Council Regulation on the Statute for a European Foundation (FE)	Potentially the creation of to 15,000 new employment and 15,000 new volunteer posts	Ex-ante impact assessment conducted by the Commission	European Commission (2012) ^{T108}
Increase in investment	Implementation of Regulation on European Social Entrepreneurship Funds	Potentially higher investment flows to social business / a more robust and effective social business investment environment	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T109}

Source: Compiled by Civic Consulting; individual sources specified in table.

Impacts on other areas

Enterprises working in the social business sector have goals other than profit maximisation, often focussing on help to disadvantaged sections of the population. However, they can also be committed to protection of the environment, and the growth of social business (which is an important aspect of the 'Platform against Poverty' flagship initiative) therefore arguably contributes to the sustainability of the European Union's economy. Furthermore, social and environmental goals can be mutually inclusive, for example in the case of energy efficiency, which besides cutting energy consumption can also bring savings for consumers and help to address fuel poverty. Although the introduction of energy efficiency measures has been discussed in Section 3.4 on 'Resource-Efficient Europe', their implementation is also monitored as part of the 'Platform against Poverty' flagship initiative.

3.7.4. Conclusions on key single market- and consumer protection-related achievements under the flagship initiative and related contributions to growth

A central element of the flagship initiative 'European Platform against Poverty and Social Exclusion' that has relevance for the Single Market relates to improving the EU's legal and administrative framework for social enterprise. The social business sector already accounts for a large portion of economic activity within the European Union and evidence would suggest that it has potential to contribute to growth. Actions under the flagship initiative aim to unleash this potential by removing the barriers that hinder the sector's development.

A key achievement of the flagship initiative was the launch of the Social Business Initiative, which among other things included a proposal for a Regulation on European Social Entrepreneurship Funds. While this has already been adopted, this is not the case for the Council Regulation on the Statute for a European Foundation. In view of the social enterprise sector's economic potential, the rapid adoption of this proposal could be beneficial. However, other barriers to the sector's development may also need to be addressed, in particular relating to co-operatives and mutual societies. Activity could focus on simplifying the Statute for a European Co-operative Society and on developing proposals for a European Mutual Society Statute.

In addition to social business, a number of other issues that are relevant for the Single Market and consumer protection have been addressed by the flagship initiative. In particular, the Payment Accounts Directive introduces the right to a basic bank account throughout the EU, while the new Procurement Directives stress the importance of social inclusion within procurement procedures. Evidence suggests that the Payment Accounts Directive will not only improve social and financial inclusion, but also has potential to contribute to economic growth, for example by improving access to online shopping.

3.8. Horizontal single market or consumer protection and empowerment initiatives supporting the flagship initiatives

A number of horizontal policy instruments or tools of relevance to the single market or consumer protection and empowerment serve to either complement the flagship initiatives or are integrated as specific actions within the flagship initiatives. These are outlined separately for the single market and consumer protection and empowerment below.

3.8.1. Horizontal single market-related achievements under the 7th legislature: the Single Market Acts I and II

The Single Market Acts (SMA) I (of 2011)³⁵⁶ and II (of 2012)³⁵⁷ constitute cross-cutting policy initiatives focusing on providing short-term impetus to furthering the single market in key policy areas or sectors. Each Act contains a set of 12 key actions, which were to be adopted either by the end of 2012 (in the case of SMA I) or 'within the mandate of [the former] Commission' (SMA II). Several complementary actions also complete the initiatives: 50 for SMA I and over 10 for SMA II. The key actions and their complementary actions are grouped in 12 categories, or levers, reflecting the Commission's chosen priorities for improving the single market and stimulating growth arrived at on the basis of public consultation.

In the table below we indicate the status of the actions conducted as of June 2014, based on an assessment of the state of play in the implementation of the SMAs, as well as the coverage of the flagship initiatives of each of the actions. As shown, as of June 2014, 9 of the 12 key actions for SMA I and 5½ of the 12 for SMA II had been completed. In addition, almost all of the actions also come within the scope of the various Europe 2020 flagship initiatives (the key exception being actions relating to the business environment). These findings demonstrate that both that a) the Single Market Acts can broadly be considered a success on the basis of the number of key actions implemented; and that b) the flagship initiatives have, to a large extent, incorporated the key actions considered important for furthering the single market.

³⁵⁶ European Commission, COM (2011) 206 Final - Single Market Act - Twelve Levers to Boost Growth and Strengthen Confidence, 2011.

³⁵⁷ European Commission, COM (2012) 573 Final - Single Market Act II - Together for New Growth, 2012.

Table 34: Status of Single Market Act key actions as of June 2014 and coverage by flagship initiatives^(*)

Lever	Key action	Status	FI 1	FI 2	FI 3	FI 4	FI 5	FI 6	FI 7
Single Market Act I									
Access to finance for SMEs	1. Introduce legislation on venture capital funds	Completed		✓					
Mobility for citizens	2. Revise system for recognition of professional qualifications	Completed						✓	
Intellectual property rights	3. Adopt legislation setting up unitary patent protection	Completed		✓					
Consumers	4. Adopt legislations on alternative dispute resolution / online dispute resolution	Completed	✓						
Services	5. Revise legislation on European standardisation system	Completed		✓			✓		
Networks	6. Adopt energy and transport infrastructure legislation to roll out strategic projects	Completed				✓	✓		
Digital Single Market	7. Adopt legislation on e-signature, e-identification, e-authentication	Awaiting Council formal agreement	✓						
Social entrepreneurship	8. Adopt legislation facilitating development of social investment funds	Completed							✓
Taxation	9. Review Energy Tax Directive	Pending in Council				✓			
Social cohesion	10. Introduce legislation on implementation of Posting of Workers Directive and on clarifying exercise of freedom of establishment/services alongside fundamental social rights.	Completed						✓	
Business environment	11. Adopt legislation simplifying accounting directives	Completed							
Public procurement	12. Revise public procurement directives	Completed	✓	✓					✓
Single Market Act II									
Rail transport	1. Adopt a fourth railway package (legislative)	Awaiting Council 1 st reading				✓			

Lever	Key action	Status	FI 1	FI 2	FI 3	FI 4	FI 5	FI 6	FI 7
Maritime transport	2. Adopt the "Blue Belt" package consisting of legislative and non-legislative measures	Completed ^(a)				✓			
Air transport	3. Implement action plan with legislative measures [to accelerate the implementation of the Single European Sky]	Awaiting Council 1 st reading				✓			
Energy	4. Implement action plan to enhance the implementation and enforcement of the third energy package and make cross-border markets that benefit consumers a reality	Completed				✓			
Mobility of citizens	5. Adopt a Commission legislative Decision establishing a revised EURES Portal	Completed						✓	
Access to finance	6. Adopt a legislative proposal [with a new set of EU rules applicable to investment funds that target long-term investments]	Awaiting Parliament 1 st reading		✓					
Business environment	7. Revise EU insolvency rules	Awaiting Council 1 st reading ^(b)							
Services	8. Revise the Payment Services Directive and make a legislative proposal for multilateral interchange fees	Awaiting Parliament 1 st reading	✓						
Digital Single Market	9. Adopt common rules enabling operators to fully exploit cost-reduction potential of broadband deployment	Completed	✓						
Public procurement and e-invoicing	10. Adopt legislation on electronic invoicing	Completed	✓						
Consumers	11. Adopt a Product Safety Package with legislative and non-legislative actions	Awaiting Council 1 st reading					✓		
Social cohesion and social entrepreneurship	12. Adopt legislative proposals [giving all EU citizens access to a basic payment account, ensuring bank account fees are transparent and making switching bank accounts easier]	Awaiting Council formal agreement							✓

Source: Compiled by Civic Consulting. Note: (a) While the initiative for a Blue Belt package has been adopted, legislative measures are yet to be taken; (b) Although a Communication has been adopted in this regard (COM (2012) 742).(*) This table only considers actions labelled as 'key actions' in the Single Market Acts.

3.8.2. Horizontal EU consumer protection and empowerment achievements under the 7th legislature

Several cross-cutting consumer protection and empowerment initiatives, including legislative acts, have been undertaken during the 7th legislature. The overarching policy initiative is the Commission's strategic vision for EU consumer policy, the European Consumer Agenda.³⁵⁸ The Consumer Agenda is designed to complement other initiatives, including the Europe 2020 flagship initiatives and the Single Market Acts (see above), and replaces the Commission's previous strategy for the 2007-2013 period. The Agenda is built around four main objectives aiming to increase consumer confidence and thereby consumption and growth - these are: reinforcing consumer safety; enhancing knowledge; stepping up enforcement and securing redress; aligning consumer rights and policies to changes in society and in the economy. The attainment of objectives is based on the completion of a series of key actions in a selection of specific sectors: the energy, transport, digital, financial services and food chain sectors. The sectors were selected on the basis of consumers' perception of their being the most problematic, according to the Consumer Markets Scoreboard, and with the exception of the food chain, they mirror the selection of sectors considered to have the most potential to contribute to growth, if the single market were deepened.³⁵⁹

The agenda is structured according to 8 specific objectives each comprising specific actions, as follows:

1. Improving the regulatory framework on product and service safety and enhancing the market surveillance framework;
2. Reinforcing safety in the food chain.
3. Improving information and raising awareness of consumer rights and interests among both consumers and traders;
4. Building knowledge and capacity for more effective consumer participation in the market.
5. Effectively enforcing consumer law, focusing on key sectors;
6. Giving consumers efficient ways to solve disputes.
7. Adapting consumer law to the digital age;
8. Promoting sustainable growth and supporting consumer interests in key sectors.

In December 2013 the Commission noted that of the 61 actions contained in the Agenda, 50 had been completed by December 2013 and 11 were being pursued.³⁶⁰ Many of these also fall within the scope of the flagship initiatives.

In the following we highlight key horizontal policy and legislative achievements during the 7th legislature, considering both those occurring prior to the current consumer strategy outlined in the Agenda, and those subsequent to it. As these achievements are not sector-specific, they relate predominantly to general rights, redress, enforcement, and tools for information provision and monitoring. Several are also identified as actions under the Digital Agenda for Europe flagship initiative, which is indicative of the Consumer Agenda's key priority of adapting consumer law to the digital age.

³⁵⁸ European Commission, COM (2012) 225 Final - A European Consumer Agenda - Boosting Confidence and Growth, 2012.

³⁵⁹ According to European Commission, COM (2012) 259/2 - Better Governance for the Single Market, 2012.

³⁶⁰ European Commission, Report on Consumer Policy - January 2012-December 2013, 2014.

Concerning consumer rights, important achievements include:

- The Consumer Rights Directive adopted in 2011, which replaces the Doorstep Selling and Distance Sales Directives.³⁶¹ The main changes include the elimination of hidden charges and costs on the internet; increased price transparency; banning pre-ticked boxes on websites; a withdrawal period of 14 days from purchases, during which consumers have the right to a refund; an EU-wide model withdrawal form; elimination of surcharges for the use of credit cards and hotlines; clearer information on the entity bearing the cost of returning goods; information requirements concerning digital content; and common rules for businesses including a single set of rules for distance contracts.³⁶²
- The proposed Regulation on a Common European Sales Law.³⁶³ If adopted, the regulation would give traders the choice to sell their products to citizens in another Member State on the basis of a single set of contract law rules, as an alternative to the national contract law of each Member State. Parties to a cross-border sales contract anywhere in the EU would be able to choose, by express agreement, to apply the Common European Sales Law.³⁶⁴

Concerning redress, important achievements include:

- The Alternative Dispute Resolution (ADR) Directive and the Online Dispute Resolution (ODR) Regulation, adopted in 2013.³⁶⁵ The ADR Directive ensures that disputes between consumers and traders in almost all business sectors can be submitted to an ADR entity (with measures to ensure the quality of ADR entities), while the ODR regulation will set up an EU-wide online platform for disputes arising from online purchases. Both pieces of legislation contain provisions to ensure that consumers are well-informed about the existence of dispute resolution mechanisms.³⁶⁶
- The Collective Redress Recommendation, adopted in 2013.³⁶⁷ The recommendation sets out a series of common, non-binding principles for collective redress mechanisms, in order for consumers and businesses to enforce rights granted under EU law in cases where they are infringed, with the aim of ensuring a coherent horizontal approach to collective redress in the European Union without harmonising Member States' systems.³⁶⁸

Concerning enforcement, important achievements include:

- Joint enforcement actions such as sweeps conducted by Member State authorities in the Consumer Protection Cooperation (CPC) Network, involving the screening of online commercial websites in certain sectors to verify their compliance with EU

³⁶¹ Directive 2011/83/EU. This measure is also identified as an action as part of the Digital Agenda for Europe flagship initiative.

³⁶² Further details can be found in European Commission, Key facts on the new EU Consumer Rights Directive, 2014. Details on potential savings achieved from extending the scope of the Consumer Rights Directive to all transactions are also provided in Section 3.1.3.

³⁶³ See COM (2011) 0635 final. This measure is also identified as an action as part of the Digital Agenda for Europe flagship initiative.

³⁶⁴ See http://ec.europa.eu/justice/contract/cesl/index_en.htm for further details.

³⁶⁵ Directive 2013/11/EU and Regulation No. 524/2013; these measures are also identified as actions as part of the Digital Agenda for Europe flagship initiative.

³⁶⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF>;

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF>.

³⁶⁷ Recommendation 2013/396/EU

³⁶⁸ See http://europa.eu/rapid/press-release_IP-13-524_en.htm for more details.

consumer law. Sweeps that were organised during the 7th legislature include a sweep on websites that sell digital content products in 2012, on consumer credit in 2011, and on ticketing for music and sporting events in 2010. Results indicate that the sweeps have been successful in bringing many of the websites checked in line with EU consumer legislation.

- A review of the Consumer Protection Cooperation (CPC) Regulation,³⁶⁹ which provides the basis for the cooperation mechanisms between national authorities to take action on behalf on consumers located in another country.

Finally concerning tools for information provision and monitoring, achievements include:

- Strengthening of the European Consumer Centres (ECC), which provide consumers with information on their rights in their language and assistance in solving cross-border disputes with business in other Member States.
- Work on comparison tools, including a multi-stakeholder dialogue on comparison tools, the results of which may inform possible policy options such as the development of horizontal guidelines on the functioning of comparison tools.³⁷⁰
- The continued development of the Enterprise Europe Network (EEN), which provides businesses selling cross-border with advice on EU single market legislation and consumer rights.
- The continued development of the Consumer Market Scoreboards, which monitors the performance of over 50 markets with regard to consumer conditions, accounting for around 60% of household expenditure, using indicators such as comparability of offers, trust in retailers, problems, complaints, satisfaction, switching and choice.³⁷¹
- The continued development of the Consumer Conditions Scoreboards, which monitors national consumer conditions and the integration of the single market from the consumer perspective. Both scoreboards play a key role in informing policy makers of priority areas to target policy measures, on the basis of the sectors and Member States' markets performing poorly for consumers.

3.8.3. Single Market tools for governance and enforcement

Finally, in order to contribute to bridging remaining gaps and safeguarding the implementation and enforcement of the single market regulatory framework across all relevant sectors, the EU has created a number of support tools and instruments. We briefly describe these tools is provided in the table below (we do not differentiate between those tools created before or during the 7th legislature).

³⁶⁹ Regulation No. 2006/2004/EC.

³⁷⁰ See http://ec.europa.eu/consumers/documents/consumer-summit-2013-msdct-report_en.pdf for more details.

³⁷¹ European Commission, Report on Consumer Policy - January 2012-December 2013, 2014.

Table 35: Overview of single market governance tools/instruments

Tool/instrument	Description
SOLVIT	SOLVIT is a problem solving network with the aim to assist both individual citizens and businesses in solving concrete problems they have encountered when dealing with the public administration of a Member State. Created in 2002, SOLVIT is an informal alternative to other problem-solving mechanisms such as national court procedures. On 17 September 2013, the Commission adopted a Recommendation on the principles in an effort to help SOLVIT do better in providing citizens and businesses with fast and pragmatic solutions to problems they face
Single Market Scoreboard	The Single Market Scoreboard (SMS) is an online Commission reporting system. In its present form, the SMS was created in July 2013, merging the previous Internal Market Scoreboard (biannual report on transposition and infringement figures) and separate reports on governance tools such as SOLVIT and IMI. Currently, the SMS covers 13 different tools and is updated on a yearly basis.
Your Europe	Your Europe is a multilingual web portal aimed at providing citizens and businesses with practical information on their rights and opportunities within the single market. On 17 September 2013 the Commission presented an Action Plan for boosting Your Europe. The Action Plan is to guide the action of the Commission and the Member States in further developing Your Europe at both EU and national level up until the end of 2014.
Internal Market Information System	The Internal Market Information system (IMI) is an IT-based information network that links up national, regional and local authorities across borders. It enables those authorities to communicate and exchange information among themselves and with the Commission, and to engage in a more efficient day-to-day cooperation in the implementation of the internal market legislation. Recently adopted Regulation No. 1024/2012 (the IMI Regulation) provides a comprehensive legal framework for the operation of IMI which is currently being expanded to encompass new legislative areas and sectors.
Points of Single Contact	The Services Directive provides for Points of Single Contact (PSC) to be set up in each Member State. PSCs allow service providers to: Obtain all information about the procedures they need to complete to provide their services at home or in another EU country (e.g. company registration, business licences, recognition of professional qualifications); Deal with all formalities via one single contact point; and Complete the necessary steps remotely by electronic means.
EU Pilot	The 'EU Pilot' project was introduced by the Commission with a number of volunteer Member States in 2008. 'EU Pilot' is an online platform which Member States and Commission's services use to communicate and clarify the factual and legal background of problems arising in relation to the conformity of national law with EU law or the correct application of EU law. As a general rule, EU Pilot is used as a first step to try to resolve problems, so that, if possible, formal infringement proceedings are avoided. Currently all 28 Member States are participating in EU Pilot.

Source: Civic Consulting, based on sources IMCO, IMCO Policy Perspectives 2014 - 2019, 2014; and http://ec.europa.eu/internal_market/scoreboard/performance_by_governance_tool/eu_pilot/index_en.htm.

4. THE SINGLE MARKET AND CONSUMER PROTECTION & EMPOWERMENT BEYOND THE FLAGSHIP INITIATIVES

KEY FINDINGS

- The services sector has been highlighted by the Commission as one of a few key sectors in which further deepening of the single market could lead to substantial gains in terms of growth. The Services Directive, adopted in 2006, constitutes the main horizontal internal market-related legislation in place for the sector. It is estimated that full implementation of the Services Directive by Member States in only a selection of the sectors covered by it could increase EU GDP by 2.6% in the long run.
- Regarding financial services, the Commission has acted in developing a substantial regulatory reform agenda in response to the financial crisis. Legislative achievements at the retail level relevant for the single market include the Mortgage Credit Directive (MCD) and the Payment Accounts Directive (PAD). According to one estimate, fully integrated financial markets could induce a rise in EU GDP of 1.1% in the long run.
- The main existing legislation on public procurement was revised during the 7th legislature as part of a comprehensive modernisation package, which could contribute to addressing barriers to a single procurement market. If cost savings already achieved for procurement contracts published at EU level could be achieved for all public procurement, EU GDP could increase by 0.5%, according to one estimate.
- The Mutual Recognition Regulation is the main legislative achievement serving to uphold the principle of mutual recognition. According to the impact assessment that accompanied the initial proposal, successfully ensuring the perfect operation of mutual recognition inside the EU could produce a maximum possible one-off increase in EU GDP of 1.8%.
- Taxation is also a tool that can contribute to furthering the single market. Among other things, policy action during the 7th legislature has aimed at revising the VAT system. One study has estimated that implementation of the VAT Directive could potentially lead to an increase of 1% in the EU's GDP, with 0.3% of GDP growth lost due to inefficient implementation.
- Competition policy aims to ensure a level-playing field that can facilitate the provision of goods and services across borders and thus strengthen the single market. An achievement of the 7th legislature relates to the ongoing modernisation of state aid policy. In addition, competition decisions taken by the Commission in 2011 concerning horizontal mergers are estimated to have led to consumer savings of EUR 4 billion.
- Similarly, an open trade policy is an important complement to furthering the single market, and also holds potential for a major contribution to growth. An agreement to lower barriers between the US and the EU could boost the EU's GDP per capita by between 2% and 3.5%, although strong concerns exist regarding the impact of such an agreement on consumer protection.

In this section we briefly further elaborate on relevant sectors or cross-sectoral policy areas that have not explicitly or comprehensively been the focus of the flagship initiatives, but which feature important policy actions or achievements relevant for the single market or consumer protection for which evidence exists of past or potential future contributions to

economic growth.³⁷² These include services falling within the scope of the Services Directive, retail financial services, public procurement and concessions, the principle of mutual recognition, taxation and the business environment, and linkages to other cross-cutting policy areas such as competition and trade policy.

4.1. Services under the Services Directive

The production and consumption of services constitutes a substantial proportion of the EU economy: excluding government and public services, they account for 71% of EU GDP. In addition, on average 67% of employment in the Member States is in the services sector.³⁷³ The services sector has been highlighted by the Commission as one of a few key sectors in which further deepening of the single market could lead to substantial gains in terms of growth.³⁷⁴

The Services Directive, adopted in 2006, constitutes the main horizontal internal market-related legislation in place for the services sector. It applies to a wide range of services, including the professional and business services,³⁷⁵ construction and crafts, real estate, retail and tourism. Together, the services covered by the directive amount to 46% of EU GDP.³⁷⁶ Other services, however, are explicitly excluded; these include financial services, electronic communications, transport, healthcare, audio-visual services, and others (but these are mostly covered by other specific EU internal market legislation).

The main aims of the directive are to establish a general legal framework promoting the exercise of the freedom of establishment for service providers and the free movement of services, while maintaining a high quality of services. It aims to help businesses set up and provide services across borders through a range of provisions, inter alia by prohibiting Member States from imposing restrictions upon incoming service providers (with some exceptions), and requiring them to set up one-stop-shops through which incoming service providers can complete all necessary procedures 'points of single contact'. It is also relevant to consumer protection and empowerment e.g. by affirming the right of recipients to use the services of other Member States, and by establishing the right to obtain information on the rules applicable to providers and the services they offer.³⁷⁷

Initial implementation of the directive is considered to have brought major benefits in terms of removing discriminatory barriers.³⁷⁸ The EU-level impact on GDP under the status of implementation in 2011 was estimated to be a 0.8% increase, with the majority of the effect materializing during the first 5 years following implementation (although the overall impact could potentially be higher, as this study did not cover all service sectors covered by the Services Directive).³⁷⁹ Despite this, intra-EU trade in the Single Market for the services

³⁷² The distinction between initiatives that are/are not explicitly covered by the flagship initiatives is not made for cross-cutting policy actions, which are presented separately in the previous Section 3.8. In addition, figures concerning potential impacts of achievements/actions in specific policy areas on growth discussed in this section are provided for illustrative purposes only, and should not be considered to be based on an exhaustive review of the available literature for those policy areas.

³⁷³ European Commission, *Services: Tapping the Potential for Growth and Jobs*, 2014.

³⁷⁴ See European Commission, COM (2012) 259/2 - *Better Governance for the Single Market*, 2012.

³⁷⁵ Note that business-related services are covered under the 'An industrial policy for the globalisation era' flagship initiative; see Section 3.5.2.

³⁷⁶ European Commission, *Services: Tapping the Potential for Growth and Jobs*, 2014. The break-down by services is the following: Tourism (3.2% EU GDP), cultural and sport activities (1.4% EU GDP), wholesale and retail (11.1% EU GDP), construction (6% EU GDP), real estate (10.9% EU GDP), business services (11.7% EU GDP), other services (e.g. repair) (1.6% EU GDP).

³⁷⁷ See http://europa.eu/legislation_summaries/internal_market/single_market_services/l33237_en.htm for more information.

³⁷⁸ European Commission, COM (2012) 261 Final - *A Partnership for New Growth in Services 2012-2015*, 2012.

³⁷⁹ Monteaugudo, Josefa, Aleksander Rutkowski, and Dimitri Lorenzani, *The Economic Impact of the Services Directive: A First Assessment Following Implementation*, 2012.

sector as a whole is still low, at about 5% as a percentage of GDP, compared to roughly 22% for goods.³⁸⁰ A number of barriers remain, in particular in the area of regulated professions.³⁸¹ Implementation and enforcement of the directive therefore remains a priority, as is highlighted by its being singled out as an action as part of the Single Market Act I. While all Member States have now transposed the directive, the Commission has identified many instances of inconsistent implementation or applications as well as infringements in several Member States, relating to e.g. discrimination on grounds of residence or nationality, and has launched almost 40 investigations on this basis.³⁸²

To redouble efforts, the Commission produced an action plan for implementation of the Services Directive in 2012, including a zero-tolerance policy for non-compliance through infringement procedures.³⁸³ Many estimates of the economic impact of the implementation of the Services Directive have been conducted.³⁸⁴ The most recent evidence, from the Commission, indicates that if the Services Directive were to be fully implemented by Member States, in particular with close to a full elimination of sectorial barriers as well as the full implementation of the Points of Single Contact, the additional contributions to growth would amount to 1.8% of GDP, on top of the 0.8% mentioned above, for a total of contribution of 2.6% since implementation of the Directive (again only for a selection of service sectors covered by the Directive).³⁸⁵ It is also estimated that if the service sectors not covered by the study but within the scope of the Services Directive were to be considered as well, the total long-run effect on GDP would be doubled, i.e. 5.2%.³⁸⁶

In parallel to the ongoing implementation of the Services Directive, other specific policy and legislative achievements have been made under the 7th legislature to deepen services market integration that do not explicitly fall within the scope of the flagship initiatives. A key area is the retail and wholesale services sector, representing 11% of EU GDP and accounting for almost 15% of EU employment.³⁸⁷ In 2013 the Commission adopted a European Retail Action Plan providing a roadmap towards a single market in retail, complementing and going beyond the Services Directive in the sector. Its aim is to address two main challenges - (i) restrictions on establishment; and (ii) lack of competitiveness in the retail sector, in particular in some Member States, and a need to lower barriers and reduce operational restrictions. Consumer protection and empowerment is in particular strongly emphasised in the 11 concrete policy actions proposed, as one of the five priorities acting as a basis for the policy actions concerns 'empowering consumers'.³⁸⁸

There are indications that increased consumer protection & empowerment in the retail services sector could have positive economic impacts, as established by a recent study

³⁸⁰ European Commission, COM (2013) 785 Final - A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in the Member States - Contribution to the Annual Growth Survey 2014, 2013. Measured as the average of imports and exports of goods and services divided by GDP

³⁸¹ Open Europe, Kick-Starting Growth: How to Reignite the EU's Services Sector, 2013.

³⁸² European Commission, Services: Tapping the Potential for Growth and Jobs, 2014.

³⁸³ Presented in European Commission, COM (2012) 261 Final - A Partnership for New Growth in Services 2012-2015, 2012.

³⁸⁴ For an overview of the studies and the estimated effects, see Monteagudo, Josefa, Aleksander Rutkowski, and Dimitri Lorenzani, The Economic Impact of the Services Directive: A First Assessment Following Implementation, 2012.

³⁸⁵ Monteagudo, Josefa, Aleksander Rutkowski, and Dimitri Lorenzani, The Economic Impact of the Services Directive: A First Assessment Following Implementation, 2012. The assessment is based on an ambitious scenario where Member States move to the level of restrictions of the five best countries in the EU per sector, considered to be essentially close to a full elimination of barriers, which would bring additional gains amounting to 1.6%. The remaining 0.2% would be achieved through the full implementation of the Points of Single Contact.

³⁸⁶ As pointed out in European Parliament, European Added Value Assessment: Better Governance of the Single Market, 2013.

³⁸⁷ European Commission, COM (2013) 36 final – Setting up a European retail action plan, 2013.

³⁸⁸ Ibid.

looking at the effect of inconsistent implementation of legislation on commercial guarantees. Although EU law provides consumers with a free-of-charge two-year guarantee on domestic electrical appliances or similar electronic products, some companies continue to provide only one year free of charge and sell warranties for the second year. The study assessed that EUR 36 million per year would be a conservative estimate of the consumer detriment caused by this practice, although it also noted that closing the gap in implementation would lead to a loss of revenue and profit for the companies concerned.³⁸⁹

The table below provides further details on evidence of impacts.

Table 36: Impacts of actions relevant for the single market relating to services under the Service Directive

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on GDP	Implementation of Services Directive at the level attained by 2011 (in a selection of sectors covered by the Directive)	An 0.8% increase in GDP	Ex-ante econometric modelling	Monteagudo et. al. (2012) ^{T110}
	Full implementation of Services Directive by Member States (in a selection of sectors covered by the Directive)	A 1.8% increase in GDP, in addition to that caused by current implementation (as of 2011), i.e. a total increase of 2.6%	Ex-ante econometric modelling	
	Breaking down of barriers in all sectors covered by the Services Directive	A doubling of the 2.6% GDP increase mentioned above, i.e. a total of 5.2% for all services	Unidentified	European Parliament (2013) ^{T111}
Savings	Full implementation of the Services Directive	Between EUR 100-304 billion in savings	Translation of GDP gains into savings	EPRS / CEPS (2014) ^{T112}
Consumer savings	Closing the gap that allows companies to charge for a second warranty year	EUR 36 million per year in consumer savings	Ex-ante estimation based on number of consumers inadvertently purchasing warranty for second year	EPRS / GHK (2014) ^{T113}

Source: Compiled by Civic Consulting; individual sources specified in table.

4.2. Retail financial services

Financial markets have further fragmented during the crisis and continue to be a problem for consumers. This is in particular evident when comparing differences in interest rates for bank loans across Member States – with the average for January-August 2013 ranging from below 2% to above 9%; or differences in relation to loan volumes – ranging from an increase above 3% to a decrease of about -14% over 2012-2013; or consumers' preference for their national market – with 94% of survey respondents in 2011 having never

³⁸⁹ European Parliamentary Research Service / GHK, The Cost of Non- Europe in the Single Market V - Consumer Acquis, 2014, p. 50.

purchased financial products or services in other Member States, and financial services markets being consistently evaluated as among the worst performing by consumers.^{390,391}

In response to the financial crisis, the Commission has acted in developing a substantial regulatory reform agenda, aimed at creating a safer, more transparent and responsible financial system to contribute to economic growth and society as a whole. The reform measures were based on four main pillars: financial stability; financial integration (including deepening the EU single market in financial services); market integrity and confidence (including consumer protection measures); and efficiency.³⁹² Policy actions related to the single market and consumer protection and empowerment in financial services therefore hold significant importance in the Commission's financial regulatory reform agenda. And similarly to the services markets, the Commission has specifically identified the financial services sector as one in which further deepening of the single market could lead to substantial contributions to growth.³⁹³

Single market- or consumer protection-related policy actions in the financial services area are linked to several of the flagship initiatives, but are not explicitly prioritised in any single flagship initiative in particular. In addition, while many achievements during the 7th legislature that are relevant for a single market for financial services have materialised, they vary in the extent to which they can be considered to directly support both the single market (in the sense of provision of and use of basic financial services cross-border) and consumer protection and empowerment, as opposed to a more indirect link. In this section, we therefore focus on policy and legislative achievements at the retail level, which have both clear and direct links to the single market and consumer protection and empowerment (even if at the wholesale level and the infrastructure level relevant achievements can have strong implications, but of a more indirect nature, for the single market and consumer protection and empowerment in the financial services sector).

As part of the Commission's financial regulatory reform agenda, a substantial number of major policy and legislative achievements at the retail level have materialised under the 7th legislature relevant for the single market and consumer protection and empowerment in the financial services sector:

- The Mortgage Credit Directive (MCD) was adopted in 2014.³⁹⁴ It aims to create an EU-wide mortgage credit market with a high level of consumer protection.
- The Payment Accounts Directive (PAD) was adopted in 2014.³⁹⁵ It provides EU consumers with a right to a basic payment account regardless of their place of residence or financial situation. It also aims to improve the transparency of bank account fees and facilitate switching of bank accounts. The initiative also corresponds to key action 12 of the Single Market Act II, and is highlighted as an action under the European Platform against Poverty flagship initiative.³⁹⁶
- The Deposit Guarantee Schemes Directive (DGSD) was adopted in 2014, revising a previous directive on deposit guarantee schemes.³⁹⁷ It aims to strengthen the

³⁹⁰ European Commission, Special Eurobarometer 373 – Retail financial services, 2012.

³⁹¹ See the Consumer Markets Scoreboards.

³⁹² For a detailed overview of the main achievements as part of the EU financial regulation agenda as well as information on their economic impacts, see European Commission, SWD (2014) 158 final – Economic Review of the Financial Regulation Agenda, 2014.

³⁹³ European Commission, COM (2012) 259/2 - Better Governance for the Single Market, 2012.

³⁹⁴ Directive 2014/17/EU

³⁹⁵ Directive 2014/92/EU.

³⁹⁶ 'Present in 2011 a legislative initiative to ensure access to certain basic banking services and call on the banking sector to submit a self-regulatory initiative geared towards improving the transparency and comparability of bank charges.'

³⁹⁷ Directive 2014/49/EU.

protection of deposits in case of bank failures, by harmonising and simplifying protected deposits, allowing for a faster payout, and improving financing schemes.

- A legislative package on payments was proposed in 2013, containing a revised Payment Services Directive (PSD2) and Regulation on Multilateral Interchange Fees (MIFs).³⁹⁸ The package also corresponds to key action 8 of the Single Market Act II.
- A Regulation for a new Key Information Document (KID) to be produced by investment product providers for retail customers who consider buying packaged retail investment products (PRIIPS) was proposed in 2012, aimed at improving the quality of information provided to consumers when considering these investments.³⁹⁹
- The SEPA Regulation, adopted in 2012 and amended in 2014,⁴⁰⁰ aims to create a European single market for retail payments in euro.

Other achievements provide important stimulus to the single market for retail financial services and related consumer protection and empowerment indirectly, by increasing the stability and resilience of financial market infrastructures, including in particular:

- The revised Markets in Financial Instruments Directive (MiFID2) and Regulation on markets in financial instruments, adopted in 2014.⁴⁰¹ The legislation strengthens organisational requirements and safety standards across all EU trading venues and extends trade transparency requirements to bond and derivatives markets, inter alia;
- The Capital Requirements Regulation and Directive (CRR/CRD IV), adopted in 2013 and replacing the previous capital requirements directives.⁴⁰² The legislation transposes the global standards on bank capital (based on the Basel III agreement) into EU law; and
- The establishment of a single rulebook ensuring a single regulatory framework uniformly applied across the EU, based on:⁴⁰³
 - A Banking Union founded on two pillars: a Single Supervisory Mechanism (SSM), and a Single Resolution Mechanism (SRM); and
 - A European System of Financial Supervisors (ESFS), on the basis of three European supervisory authorities: the European Banking Authority (EBA); the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), in operation since January 2011.

Evidence of the benefits of financial integration for economic growth can be identified across several studies. A study in 2002 estimated that fully integrated financial markets could induce a rise in GDP of 1.1% in the long run.⁴⁰⁴ According to a study from 2004, an increase in financial integration that would give firms access to a financial market similar to that of the US could have a positive impact of 0.6% or 0.7% per year on the growth of Europe's manufacturing industry.⁴⁰⁵ More recently, Commission simulations estimate that the higher bank capital requirements of the CRD IV package as well as the bail-in and

³⁹⁸ See COM (2013) 0547 final and COM (2013) 0550 final.

³⁹⁹ See COM (2012) 352 final.

⁴⁰⁰ Regulation No. 248/2014 amending Regulation No. 260/2012.

⁴⁰¹ Directive 2014/65/EU and Regulation No. 600/2014.

⁴⁰² Directive 2013/36/EU and Regulation No. 575/2013 repealing Directive 2006/48/EC and Directive 2006/49/EC.

⁴⁰³ For more information see http://ec.europa.eu/internal_market/finances/banking-union/index_en.htm.

⁴⁰⁴ London Economics / PWC / Oxford Economic Forecasting, Quantification of the Macro-Economic Impact of Integration of the EU Financial Markets, 2002.

⁴⁰⁵ Guiso, Luigi, Tullio Jappelli, Mario Padula, and Marco Pagano, Financial Market Integration and Economic Growth in the EU, 2004.

resolution fund⁴⁰⁶ would result in yearly benefits of 0.6-1.1 % of EU GDP (although other estimates have shown negative effects).⁴⁰⁷ Other results show that for the complete period since the introduction of the Euro, Eurozone GDP increased by 0.025% per year from 1999 to 2010 owing to progress in financial integration, and that financial development is likely to have progressed at a slower pace in the absence of integration.⁴⁰⁸ Finally, a recent study that looked at the gaps in the Consumer Credit Directive assessed that consumers could save EUR 285 million per year if there were a more complete internal market for consumer credit.⁴⁰⁹

The table below provides further details on evidence of impacts.

Table 37: Impacts of actions relevant for the single market relating to financial services

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on GDP	Fully integrated financial markets	An increase in GDP of 1.1% in the long run	Ex-ante macro-economic simulation scenario	London Economics / PWC / Oxford Economic Forecasting (2002) ^{T114}
	Higher bank capital requirements of the CRD IV package as well as the bail-in and resolution fund	Yearly benefits of 0.6-1.1 % of EU GDP	Ex-ante simulations using the SYMBOL model	European Commission (2014) ^{T115}
	Financial integration	Yearly increase in Eurozone GDP of 0.025% from 1999 to 2010	Ex-post econometric modelling	Guevera and Maudos (2012) ^{T116}
Effect on growth of industry	An increase in financial integration to give firms access to a financial market similar to that of the US	A positive impact of 0.6% to 0.7% per year on the growth of Europe's manufacturing industry	Ex-ante econometric modelling	Guiso et. al. (2004) ^{T117}
Consumer savings	A more complete internal market for consumer credit	EUR 285 million per year in consumer savings	Ex-ante estimate based on gap between current credit prices and potential price convergence if internal market was more complete	EPRS / GHK (2014) ^{T118}

Source: Compiled by Civic Consulting; individual sources specified in table.

⁴⁰⁶ As per the Bank Recovery and Resolution Directive adopted in 2014.

⁴⁰⁷ See European Commission, SWD (2014) 158 final – Economic Review of the Financial Regulation Agenda, 2014 for more details.

⁴⁰⁸ Guevera and Maudos, Financial integration and economic growth in Europe : the impact of the crisis, INDICSER Discussion Paper 18, December 2012.

⁴⁰⁹ European Parliamentary Research Service / GHK, The Cost of Non- Europe in the Single Market V - Consumer Acquis, 2014, p. 52.

4.3. Public procurement and concessions

Public procurement can be defined as the process whereby public authorities or certain private entities buy goods, services or works. A single EU market for public procurement can therefore be understood as a market in which the purchase and sale of goods, services and works between their providers and public authorities or certain private entities can be conducted across Member States' borders in the same way as purely national public procurement activities.

A number of major legislative achievements in the public procurement area have occurred under the 7th legislature. As shown in Sections 3.1, 3.2 and 3.7, these achievements also come within the scope of the Digital Agenda for Europe, Innovation Union and European Platform Against Poverty flagship initiatives. However, these relate primarily to the aspects/sectors specific to those flagship initiatives (i.e. digital, innovation, and social inclusion aspects); other aspects/sectors of public procurement are not explicitly covered in the flagship initiatives. Here we therefore expand upon the legislation as a whole.

The main existing legislation, the Classic Directive on procurement by public authorities⁴¹⁰ and the Utilities Directive on procurement by entities operating in the water, energy, transport and postal services sectors⁴¹¹ was revised in 2014 as part of a comprehensive modernisation package. The revised directives⁴¹² introduce a number of simplified rules and procedures, as well as broaden the possibilities for negotiation. The documentation required is reduced, notably through the compulsory acceptance of self-declarations from bidders (through a standardised European Single Procurement Document). The mandatory use of electronic communication in public procurement applies from September 2018. The revision of the directives also corresponds to key action 12 of the Single Market Act I. In addition, as part of the package the Concessions Directive was adopted,⁴¹³ which establishes a single EU-wide instrument regulating the competitive award of concessions contracts. Complementing the package is the e-Invoicing Directive, also adopted in 2014,⁴¹⁴ which calls for the development a European standard for e-invoicing, and obliges all contracting authorities and contracting entities across the EU to receive and process e-invoices complying with the future standard, and also corresponds to key action 10 of the Single Market Act II.

The market for public procurement represented approximately 19% of EU-wide GDP in 2009.⁴¹⁵ However, less than 4% of the value of public procurement contracts in the EU is awarded to firms from another Member State;⁴¹⁶ it is therefore hoped that the reforms will contribute to addressing these barriers to further the single market, through increasing the share of foreign suppliers in the procurement process. Research shows that single-market related reforms in public procurement could have substantial effects on growth and savings. For example, one estimate indicates that the requirement for all contracts above a certain price threshold to be both open to competition from other Member States and publicly advertised has caused a price reduction of 6%.⁴¹⁷ An evaluation of the two original public procurement directives found that costs had been driven down by around 4-5% for

⁴¹⁰ Directive 2004/18/EC

⁴¹¹ Directive 2004/17/EC.

⁴¹² Directive 2014/24/EU replacing directive 2004/18/EC and Directive 2014/25/EU replacing directive 2004/17/EC.

⁴¹³ Directive 2014/23/EU.

⁴¹⁴ Directive 2014/55/EU.

⁴¹⁵ Beuter, Rita, *European Public Procurement: Time for Reform?*, 2011.

⁴¹⁶ OECD, *Public Procurement for Sustainable and Inclusive Growth*, 2012.

⁴¹⁷ EPRS, *European Added Value in Action*, 2013.

those contracts published at EU level, generating savings of approximately EUR 20 billion. It estimated that this would allow for an increase of 0.08-0.12% in GDP after one decade, corresponding to 160-240 000 jobs.⁴¹⁸ Another study considers that the increase in GDP calculated by the evaluation only realises half of the maximum potential increase, and that GDP could rise by another 0.1 percentage points if the share of cross-border procurement in the public sector were as high as it is in the private sector is, for a total of roughly 0.2%.⁴¹⁹ In addition, it is estimated that if savings were realised for all public procurement (i.e. not only those published at EU level), gains could be as high as a 0.5% increase in GDP and employment.⁴²⁰

More recently, a recent report estimated annual savings resulting from EU procurement legislation to be between EUR 6.4 billion and EUR 35.5 billion (not including the effects of the revised directives, which have to be transposed by April 2016). Further savings that could be achieved by addressing remaining gaps were assessed to be EUR 36.5 billion to EUR 66.5 billion annually. However, it stressed that not all of these costs could be eliminated, as they are partly due to 'natural' barriers (such as language difficulties), rather than legislative obstacles. In so far as legislative barriers do remain, the report assessed that some of these would be addressed by the new directives, in particular procedural costs, the difficulty of integrating strategic goals into procurement and the limited nature of legislation on concessions. Nonetheless, it found that the new legislation may not sufficiently address lack of clarity regarding the scope of certain regulations and procedures, and does not introduce an 'EU procurement passport'. The report, therefore, concludes that more could be done to improve the access of SMEs to cross-border procurement markets.⁴²¹

The table below provides further details on evidence of impacts.

Table 38: Impacts of actions relevant for the single market relating to public procurement

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effects on GDP and employment	Impact of the two original Procurement Directives	An increase in GDP of 0.08% to 0.12% after one decade, equivalent to 160,000 to 240,000 jobs, due to a reduction in costs by 4-5% for those contracts published at EU level	Ex-ante macro-economic modelling using the QUEST III model, based on ex-post estimates of savings	European Commission (2011) ^{T119}
	A reduction in the cost of all public procurement contracts at the same rate as already achieved for those published at EU level	An increase of 0.5% in GDP and employment	Ex-ante macro-economic modelling using the QUEST III model	

⁴¹⁸ European Commission, SEC (2011) 853 final – Evaluation Report – Impact and Effectiveness of EU Public Procurement Legislation Part 1, 2011.

⁴¹⁹ Copenhagen Economics, Delivering a stronger Single Market, 2012.

⁴²⁰ European Commission, SEC (2011) 853 final – Evaluation Report – Impact and Effectiveness of EU Public Procurement Legislation Part 1, 2011.

⁴²¹ European Parliamentary Research Service / Europe Economics, The Cost of Non- Europe in the Single Market IV - Public Procurement and Concessions, 2014.

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
	An increase in cross-border procurement in the public sector to the same level as that in the private sector	An increase in GDP of 0.2%, based on an estimated cost reduction of 10%	Ex-ante extrapolation of Commission model, based on higher estimates of savings	Copenhagen Economics (2012) ^{T120}
Savings	Requirement for all contracts above a certain price threshold to be open to competition from other Member States and publicly advertised	A reduction of prices by 6%	Unidentified, ex-post	EPRS (2013) ^{T121}
	Impact of EU legislation on procurement	Annual savings of between EUR 6.4 billion and EUR 35.5 billion	Ex-post cost analysis based on case studies and interviews	EPRS / Europe Economics (2014) ^{T122}
	Closure of remaining gaps in EU public procurement legislation	Potential savings of EUR 36.5 billion to EUR 66.5 billion annually, although it is not assumed that all of these savings can actually be achieved	Ex-ante cost analysis based on case studies and interviews	

Source: Compiled by Civic Consulting; individual sources specified in table.

4.4. Mutual recognition

Mutual recognition concerns the principle that a product lawfully marketed in one Member State and not subject to EU harmonisation should be allowed to be marketed in any other Member States, even in cases where the product does not entirely comply with technical rules in the Member State of destination. Upholding the principle thereby contributes to ensuring the free movement of goods in the internal market, as it facilitates market access in other Member States.

The main legislative achievement serving to uphold the principle is the Mutual Recognition Regulation.⁴²² Key aspects of the regulation are the requirement for Member States to have a product contact point for free information for business and reference to the competent authorities; and a requirement that national authorities set out in writing the precise reasons - technical or scientific - for their intention to deny the product access to the national market. It thus shifts the burden of proof for market access to the Member State, as opposed to the company that wishes to gain market access.

The need to ensure the correct application of the Mutual Recognition Regulation is not indicated as a specific policy measure to be conducted as part of the flagship initiatives, even if referred to as one of the pillars of the internal market for industrial products. As mentioned previously, barriers relating to mutual recognition have been found to represent 18% of all intra-EU barriers to trade in goods, affecting primarily the equipment industry.⁴²³

⁴²² Regulation No 764/2008.

⁴²³ See Egan, Michelle, and Helena Guimaraes, Tackling Barriers to Trade in the Single Market, 2014 for more details.

The impact assessment accompanying the proposal for the Regulation predicted that successfully ensuring the perfect operation of mutual recognition inside the EU would produce a maximum possible one-off increase in EU GDP of 1.8%.⁴²⁴ In addition, another study has shown that increased use of mutual recognition could see bilateral trade in commercial services among EU countries rise by around 30% to 60%.⁴²⁵

The Commission has noted it will launch an evaluation of the functioning of the principle of mutual recognition and report back to the Council in 2015.⁴²⁶

The table below provides further details on evidence of impacts.

Table 39: Impacts of actions relevant for the single market relating to mutual recognition

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on GDP	Perfect operation of mutual recognition inside the EU	A one-off increase in EU GDP of 1.8%	Ex-ante impact assessment conducted by the Commission	European Commission (2007) ^{T123}
Effect on trade	Increased use of mutual recognition	An increase in bilateral trade in commercial services among EU countries by around 30% to 60%	Ex-ante estimations based on gravity model	Kox and Lejour (2005) ^{T124}

Source: Compiled by Civic Consulting; individual sources specified in table.

4.5. Taxation and other aspects of the business environment

Responsibility for tax policy in the European Union remains to a large extent in the hands of the Member States, in particular for direct taxation. However, the Commission considers it essential that tax policy supports the EU's broader policy objectives, including economic growth and the extension of the single market.⁴²⁷ This implies the need for a large degree of co-ordination and in some cases for harmonisation. A number of cross-border tax obstacles that hinder the functioning of the single market have been identified by the Commission, including double taxation, difficulties in claiming tax refunds, complicated VAT rules that hamper cross-border e-commerce, and difficulties in obtaining information on foreign tax rules.⁴²⁸ A separate issue, which has implications for taxation, involves combatting the shadow economy. This is viewed as necessary in order to create a level playing field in the single market, but could also lead to greater tax revenues.

While taxation has played a relatively minor role in the Europe 2020 flagship initiatives, the Commission has nonetheless foreseen that it could be used as a cross-cutting policy tool to both strengthen the single market and achieve other goals, such as improving resource efficiency and boosting innovation.⁴²⁹ Taxation was included as the ninth lever of the Single

⁴²⁴ European Commission, COM (2007) 36 final / SEC (2007) 112 - Impact Assessment accompanying document to the Proposal for a Directive of the European Parliament and of the Council laying down procedures relating to the application of certain national technical rules to products lawfully marketed in another Member State and repealing Decision 3052/95/EC, 2011, as highlighted in Copenhagen Economics, Delivering a stronger Single Market, 2012.

⁴²⁵ Kox, Henk, and Arjan Lejour, Regulatory Heterogeneity as Obstacle for International Services Trade, 2005.

⁴²⁶ European Commission, COM (2014) 25 Final - A Vision for the Internal Market for Industrial Products, 2014.

⁴²⁷ European Commission, COM (2001) 260 final – Tax policy in the European Union priorities for the years ahead, 2001.

⁴²⁸ European Commission, COM (2010) 769 - Removing cross-border tax obstacles for EU citizens, 2010.

⁴²⁹ European Commission, COM (2010) 2020 - Communication on Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth, 2010.

Market Act I, with the key action of the lever consisting of an amendment to the Energy Taxation Directive. The proposal, presented by the Commission in 2011, includes new rules to better take into account the carbon footprint and energy content of energy products.⁴³⁰

Complementary actions foreseen in the Single Market Act I included putting in place a Common Consolidated Corporate Tax Base (CCCTB), revising the VAT system and addressing cross-border fiscal obstacles. The Commission's proposal for a CCCTB aims to introduce a single set of rules that companies operating within the EU could use to calculate their taxable profits, as well as a 'one-stop-shop' system for filing their tax returns, but has not yet been adopted.⁴³¹ In regard to VAT, the Commission adopted a Communication in 2011 setting out the elements of a strategy to make the system more efficient, which was welcomed by the Council in its conclusions from 2012.⁴³² Progress has also been made in regard to cross-border fiscal obstacles, including the launch of a consultation on tax problems faced by EU citizens when active across borders within the EU. However, a number of actions foreseen to reduce cross-border obstacles, including a proposal to create binding arbitration in cross-border tax disputes, have not yet been implemented.⁴³³

Besides taxation, other aspects of the business environment have also been addressed during the 7th legislature, with the goal of fostering economic growth and strengthening the single market. In particular, by removing administrative burdens the Commission aims to encourage economic activity and free movement throughout the Union.⁴³⁴ In addition to those actions falling within the scope of the flagship initiatives that contribute to the business environment (e.g. improving access to finance), a number of other actions have also been taken. For example, the Single Market Act I foresaw improvements in the regulatory environment for businesses, with a particular focus placed on simplification of the directives on accounting standards. A new directive was adopted in 2013,⁴³⁵ which merged the two previous Accounting Directives and aims to reduce disproportionate administrative costs imposed on small companies.

Another area that has received attention relates to the modernisation of EU insolvency rules. Increasing numbers of European companies conduct business activities in EU Member States other than those in which they are based. If these companies go insolvent this could potentially impact on the functioning of the single market. Currently, about a quarter of bankruptcies in the EU have a cross-border element, with cross-border insolvencies proceedings involving around 55,000 companies per year.⁴³⁶ Although rules already exist to deal with cases of cross-border insolvency, i.e. the European Insolvency Regulation, the Commission has proposed a modernisation of the legislation, with the goal of helping businesses overcome financial difficulties while protecting the interests of creditors (this proposal corresponds to the seventh key lever of the Single Market Act II). As of 10 June 2014 the proposal was awaiting its first reading in the Council.⁴³⁷

In terms of contribution to economic growth, a number of studies have provided quantitative estimates of gains that could be achieved due to policy action regarding

⁴³⁰ COM (2011) 169/3.

⁴³¹ European Commission, COM(2011) 121/4 – Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB), 2011.

⁴³² European Commission, COM (2011) 851 final - Towards a simpler, more robust and efficient VAT system tailored to the single market, 2011.

⁴³³ For an overview see European Commission, – DG Taxation and Customs Union, Management Plan 2014, 2014, and European Parliament, Single Market Act: State of Play, 2014.

⁴³⁴ European Commission, COM (2011) 206 Final - Single Market Act - Twelve Levers to Boost Growth and Strengthen Confidence, 2011.

⁴³⁵ Directive 2013/34/EU.

⁴³⁶ http://europa.eu/rapid/press-release_MEMO-14-397_en.htm.

⁴³⁷ European Parliament, Single Market Act: State of Play (updated 10 June 2014), 2014.

taxation and business environment. One study has estimated that implementation of the VAT Directive could potentially lead to an increase of 1% in the EU's GDP, with 0.3% of GDP growth lost due to inefficient implementation. Another study has provided evidence that closing gaps relating to non-compliance or non-collection of VAT could bring gains of around EUR 193 billion annually. There are also indications that the implementation of a common EU standard VAT return could lead to savings for businesses of between EUR 9 billion and EUR 20 billion per year. In regard to the revision of the Accounting Directives, an ex-ante impact assessment conducted by the Commission argued that it could save businesses around EUR 1.7 billion per year, with EUR 1.5 billion of this amount benefitting small businesses.

The table below provides further details on evidence of impacts.

Table 40: Impacts of actions relevant for the single market relating to taxation and other aspects of the business environment

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on GDP	Implementation of the VAT Directive	An expected increase in EU GDP of 1%; 0.3% GDP growth lost by inefficient implementation	Ex-ante estimate, based costs for businesses, using CGE model	Copenhagen Economics (2012) ^{T125}
Savings	Closing gaps relating to non-compliance or non-collection of VAT	Potential to collect an additional EUR 193 billion in a given year	Estimate based on actual gaps identified in 2011	CPB and CASE (2013) ^{T126}
	Implementation of a common EU standard VAT return	Annual savings for businesses of EUR 9-20 billion, depending on the degree of harmonisation	Ex-ante economic assessment	PWC (2013) ^{T127}
	Revision of Accounting Directives	Savings of EUR 1.7 billion for businesses (EUR 1.5 billion of these to small companies) per year	Ex-ante impact assessment conducted by the Commission	European Commission (2011) ^{T128}

Source: Compiled by Civic Consulting; individual sources specified in table.

4.6. Linkages to other policy areas

4.6.1. Linkage to competition policy

Competition policy plays an important role in developing the EU single market, improving consumer protection and empowerment, and contributing to economic growth. In particular, by fostering competition among traders, consumers reap the benefits in terms of goods and services of higher quality and at lower prices. By preventing anti-competitive practices, a level-playing field can be ensured for companies to provide good and services across borders and thus contribute to deepening the single market. And through these and

other various growth drivers – such as inducing effects relating to resource efficiency, replacement, innovation, and investment – competition policy contributes to growth.⁴³⁸

Competition policy is a key policy strand for which the EU enjoys overarching competence in a number of areas. The main competition instruments at its disposal include antitrust, merger control, state aid, liberalisation and sector-specific regulatory measures.⁴³⁹ While competition policy is considered a component of some of the flagship initiatives – in particular ‘Innovation Union’ as well as the ‘An industrial policy for the globalisation era’ mainly in relation to collaborative IPR agreements and the modernisation of the state aid research and development framework – the cross-cutting importance of competition policy for the single market in the flagship initiatives across all sectors is not made explicit.

A competition policy instrument that is of specific importance for the single market is state aid control, i.e. the control of financial support Member State governments provide to domestic companies that may induce an advantage over foreign competitors. The Commission notes that Member States have decreased illegal state aid from 0.28% of GDP in 1996-2000 to 0.08% in 2009.⁴⁴⁰

A major future potential achievement relevant for the single market that is not explicitly highlighted in the flagship initiatives is the modernisation of the state aid control framework across a range of sectors proposed in 2012.⁴⁴¹ The modernisation has three main, closely linked objectives: foster growth in a strengthened, dynamic and competitive internal market; focus enforcement on cases with the biggest impact on the internal market; streamlined rules and faster decisions. It is expected that following the implementation of the reform, state aid control would more effectively target sustainable growth-enhancing policies while encouraging budgetary consolidation, limiting distortions of competition and keeping the single market open.⁴⁴²

While quantitative estimates of potential impacts on EU GDP were not identified, a substantial body of empirical research indicates that competition policy and competition in general can contribute significantly to economic growth. A number of relevant studies, some of which are summarised in the table below, have made a link between increased competition and increased productivity. One study, furthermore, that analysed the impact of product market reforms undertaken in the European Union over the 1980s and 1990s has argued that competition leads to higher levels of employment and investment, as well as bringing prices closer to marginal costs. Two recent studies have also made a direct link between a strong state competition policy and positive economic developments. Finally, evidence suggests that competition policy can bring benefits for consumers. For example, the Commission estimates that its competition decisions in 2011 concerning horizontal mergers led to consumer savings of EUR 4 billion.

⁴³⁸ As noted in Copenhagen Economics, *The Contribution of Competition Policy to Growth and the EU 2020 Strategy*, 2013.

⁴³⁹ Copenhagen Economics, *The Contribution of Competition Policy to Growth and the EU 2020 Strategy*, 2013.

⁴⁴⁰ European Commission, *20 Years of the European Single Market - Together for New Growth - Main Achievements*, 2012.

⁴⁴¹ As outlined in COM (2012) 0209 final.

⁴⁴² See for more http://ec.europa.eu/competition/state_aid/modernisation/index_en.html information.

Table 41: Impacts of actions relating to competition policy

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on productivity	Impact of competition	Contributes up to 70% of productivity growth	Ex-post economic analysis based on 28,000 Canadian production companies from 1973-1999	Baldwin and Gu (2006) ^{T129}
	Improved conditions for market entry	Faster aggregate productivity growth	Ex-post economic analysis based on 3,827 companies in 166 different sectors of the UK economy from 1980-1993	Aghion et. al. (2004) ^{T130}
	Impact of competition policy	A positive and significant effect on total factor productivity	Ex-post modelling based on 22 industries in twelve OECD countries over 1995 to 2005	Buccirossi et. al. (2013) ^{T131}
General economic benefits	Greater competition	Higher levels of employment and investment, as well as bringing prices closer to marginal costs	Ex-post econometric modelling to analyse the impact of product market reforms undertaken in the European Union over the 1980s and 1990s	Griffith and Harrison (2004) ^{T132}
	Impact of competition policy	Increase in growth and investment, but no impact on total factor productivity or FDI	Ex-post econometric analysis	Gutmann and Voigt (2014) ^{T133}
Consumer savings	Competition decisions taken by the Commission in 2011 concerning horizontal mergers	Savings of EUR 4 billion for consumers	Unidentified, ex-post	European Commission (2012) ^{T134}

Source: Compiled by Civic Consulting; individual sources specified in table.

4.6.2. Linkage to trade policy

Similarly to competition policy, an open trade policy is also an important complement to furthering the single market, and also holds potential for strong contribution to growth. Completing the single market and building stronger trade ties with the world are considered mutually reinforcing goals.⁴⁴³ In particular, similarly to the internal market, lowering external barriers to trade e.g. through the use of bilateral or multilateral trade agreements and promoting the alignment of global standards with EU standards, helps to further integrate EU firms in global value chains, thus further contributing to competition, productivity and innovation in the internal market.⁴⁴⁴

⁴⁴³ OECD, OECD Economic Surveys - European Union, 2014.

⁴⁴⁴ Ibid.

For these reasons, the European Union supports a policy of free trade with a number of its economic partners. Already almost three-quarters of imports into the EU either pay no duties or pay at a reduced rate,⁴⁴⁵ and negotiations are currently taking place with a number of countries to further liberalise trade. Current trade policy focuses on the EU's major and established economic partners, in particular the United States, Canada and Japan, with efforts also being made to strengthen ties with emerging economies.

In regard to the Europe 2020 strategy, external policy instruments such as trade policy are considered to play a supporting role as an EU-level instrument. However, the inclusion of specific actions relating to the linkage between e.g. trade policy and the single market is not explicit in the flagship initiatives. In its stock-taking of the strategy, the Commission underlined the need to further link the internal and external EU agenda better, noting that "trade has become a crucial lever for growth and jobs due to the role of external demand and the wide scale of the EU agenda."⁴⁴⁶

Quantitative estimations of the impact of external trade agreements on growth have been conducted and show significant potential. One study estimated that substantial reductions of the barriers that limit product market entry, FDI and trade in the US and the EU could see the EU's GDP per capita rise by between 2% and 3.5%. A further study estimates that the elimination of 50% of non-tariff measures (NTMs) and regulatory divergence between the US and the EU could lead the EU's GDP to increase by 0.7% in 2018, compared to the baseline scenario (study published in 2009), while another study has assessed that a comprehensive and ambitious liberalisation could add EUR 119.2 billion to the EU's GDP.

However, other scenarios analysed in the last of these studies (in which, for example, reforms are limited to tariff barriers, or services liberalisation only) are assessed to bring lower economic gains. Moreover, a free trade agreement between the US and the EU could be associated with a certain amount of labour displacement (so that 0.2 to 0.5 per cent of the EU labour force would have to move from one sector to another).⁴⁴⁷ Additionally, it is important to note that strong concerns have been raised regarding the effects of such an agreement on consumer protection.⁴⁴⁸

The table below provides further details on evidence of impacts.

⁴⁴⁵ European Commission, *The European Union Explained: Trade*, 2013.

⁴⁴⁶ European Commission, COM (2014) 130 final/2 - *Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth*, 2014.

⁴⁴⁷ Francois, Joseph, *Reducing Transatlantic Barriers to Trade and Investment, An Economic Assessment – Final Project Report*, 2013, p. vii.

⁴⁴⁸ For example, see BEUC, *Consumers at the heart of the Transatlantic Trade and Investment Partnership (TTIP) – BEUC Position Statement*, 2014.

Table 42: Impacts of actions relating to trade policy

Impact measured	Driver of impact	Estimation of impact	Type of assessment	Source
Effect on GDP	Significant reductions of the barriers that still limit product market entry, FDI and trade in the US and EU	The EU's GDP per capita could be boosted by between 2% and 3.5%	Ex-ante modelling using the Global Trade Analysis Project (GTAP) model	OECD (2005) ^{T135}
	A free trade agreement between the US and EU with a comprehensive liberalisation of tariffs, procurement, and NTBs for both goods and services	The EU's GDP is estimated to increase by between EUR 68.2 and EUR 119.2 billion, depending on the extent of the liberalisation	Ex-ante modelling using a computable general equilibrium (CGE) model of global world trade	Francois (2013) ^{T136}
	Elimination of 50% of NTMs and regulatory divergence between the US and the EU	The EU's GDP could be 0.7% higher in 2018 compared to the baseline scenario	Ex-ante econometric analysis using gravity and CGE models	ECORYS Nederland BV (2009) ^{T137}

Source: Compiled by Civic Consulting; individual sources specified in table.

5. CONCLUSIONS AND RECOMMENDATIONS

KEY FINDINGS

- Progress has been made in furthering the single market and improving consumer protection and empowerment through a range of legislative and non-legislative achievements across all flagship initiatives. Evidence collected shows in particular in several areas a comprehensive legal framework for deepening the single market and/or improving consumer protection and empowerment has already been adopted or has been proposed by the Commission. Such is the case, for example, regarding the energy sector, the transport sector, the digital sector, or industrial products.
- Nonetheless, achievements have been more numerous and wide-ranging in specific flagship initiatives, and in some areas substantial barriers to single market integration or deficiencies in consumer protection remain.
- Research demonstrates that potentially significant increases in GDP or in efficiency/savings could be achieved through actions relating to furthering the single market and improving consumer protection in the sectors covered by the flagship initiatives. Specifically, some of the largest contributions to growth/savings could be achieved in furthering the single market in the goods market, digital markets, energy markets and transport markets.
- While the coverage of the flagship initiatives of areas relevant for the single market and consumer protection can be considered relatively comprehensive, several others do not fall explicitly or comprehensively within the scope of the flagship initiatives (in terms of policy actions to deepen the single market or improve consumer protection). These include the services sectors covered by the Services Directive, retail financial services, public procurement and concessions, mutual recognition, taxation and the business environment, as well as linkages to other relevant policy areas such as competition policy and trade policy. Evidence suggests that significant contributions to economic growth as well as efficiency gains/savings could also be achieved if relevant policy actions to further the single market and/or consumer protection were implemented in these areas.
- On the basis of these conclusions as well as observations made during the course of the research, key recommendations for future policymaking needs relate to:
 1. Reigniting growth through the single market and consumer protection
 2. Refining the focus of the Europe 2020 strategy and its flagship initiatives on areas with untapped growth potential
 3. Improving the clarity in the coverage and presentation of the flagship initiatives and their synergies with other ongoing initiatives
 4. Exploiting the potential of recurring Single Market Acts focused on key areas
 5. Exploiting country-specific recommendations of the European Semester and reinforcing cooperation among national competent authorities to improve enforcement
 6. Developing indicators and targets for the single market and consumer protection
 7. Improving the credibility of quantitative results on economic impacts
 8. Conducting further research into barriers and associated growth potential where there is less evidence

In this section we first present the key findings of the study combined, followed by cross-cutting conclusions on single market- or consumer protection-related achievements and contributions to growth. We then present recommendations made on the basis of conclusions of the study and observations made throughout the course of the research. We finish with an overview of strategic objectives and specific objectives/instruments to guide future policymaking needs developed on the basis of the recommendations.

5.1. Conclusions

5.1.1. A general perspective: contributions of the single market and consumer protection & empowerment to growth

- The benefits of a single market for growth can be broadly subsumed into four separate categories: economies of scale; stronger competition; lower transaction costs; and better allocation of resources. In addition to benefits for growth, single market integration also induces other benefits, such as increased consumer choice and better quality, and innovative goods and services. Nonetheless, the single market may induce additional costs, including administrative costs, adjustment or transition costs, a widening in regional and distributional disparities, and an increase in environmental degradation.
- Many studies have tried to quantify the overall impact of single market integration on economic growth. One of the most-often quoted ex-ante studies is the Cecchini report, commissioned in 1988 by the European Commission. It estimated an impact of 4.25-6.5% increase in EU GDP for the EU-12. More recent studies assessing the effects of the elimination of intra-EU goods and services barriers have subsequently made even higher estimates, indicating that EU GDP could increase by 14% as early as 2020, depending on the assumptions made.
- However, ex-post analyses have since measured the observed impact of the single market on growth and have generally estimated the real gains to be smaller. Several factors may explain the differences noted between ex-ante and ex-post estimates identified, including the absence of a clear control group or counterfactual; difficulty in predicting the dramatic transformative effects of market liberalisation; difficulty in accounting for dynamic effects of integration related to gradual changes in productivity and efficiency; and other potential biases leading to an overestimation of the predicted gains of single market integration.
- Improving consumer protection and empowerment can also have positive effects on growth, through several channels including: consumers' increased confidence and trust; consumers' better decision-making and assertion of rights; lower consumer financial detriment from problems; and as a signal of high standards for third countries trading with the EU. However, while there is a significant body of literature confirming these benefits, little empirical evidence has been identified to support them. Nonetheless, a major EU-wide survey in 2010 concluded that total ex-post consumer detriment – based on financial losses reported from problems experienced – was equivalent to 0.4% of EU GDP.

5.1.2. The single market and consumer protection & empowerment through the lens of the Europe 2020 flagship initiatives

- A larger number of achievements have been made relevant to the single market and consumer protection within the scope of 'A Digital Agenda for Europe', relating to electronic communications, e-commerce/online services and data protection.

Major legislation proposed includes the Connected Continent Regulation and Data Protection Reform Package. Evidence suggests that completing the digital single market has significant potential to contribute to growth, with one estimate indicating a possible 2-4% increase in EU GDP by 2020.

- Relevant aspects of 'Innovation Union' relate to breaking down barriers to innovation, improving cross-border access to finance for SMEs and encouraging cross-border mobility of researchers, which may each have beneficial effects on growth. Key achievements include the establishment of a unitary patent system, which is expected to reduce costs of applying for a patent valid EU-wide by 80%.
- Learning and employment mobility of young people constitute the key areas of relevance for the single market under 'Youth on the Move', for which available evidence indicates a potential positive impact on the EU economy. A major achievement is the regulation establishing Erasmus+, which combines the EU's education, training, youth and sport schemes into one integrated programme.
- Significant achievements have been made within the scope of 'Resource-efficient Europe' relevant for the single market and consumer protection and empowerment in the energy and transport sectors. Major legislation adopted in the energy sector includes the Third Energy Package, while for several transport modes fresh single-market initiatives have been proposed, accompanied by a well-developed framework for passenger rights. Significant growth potential is also evident: according to estimates, liberalisation of gas and electricity markets could raise EU GDP by 0.6-0.8% over 2011-2020, while supply- and demand-side effects of air transport liberalisation could, respectively, raise EU GDP by 1.8% and 1.3% over 2005-2025.
- Relevant achievements as part of 'An industrial policy for the globalisation era' relate mainly to industrial products, as well as specific areas such as combating late payments, business services, and entrepreneurship. Major legislation proposed includes the Product Safety and Market Surveillance Package. Addressing the remaining barriers to intra-EU trade in goods could be highly beneficial; one estimate shows that full integration of goods markets could result in a 2.2-8.8% increase in EU GDP in the long run.
- Labour mobility is the main aspect relevant to the single market in 'An agenda for new skills and jobs'. Major legislation adopted includes the revised Professional Qualifications Directive. Research suggests labour mobility stimulates growth: one study finds the immigration of four million people from eight of the countries acceding to the EU in 2004 could lead to a long-run increase of 0.6% in EU GDP.
- Finally, actions under 'European Platform against Poverty and Social Exclusion' relevant to the single market relate primarily to social enterprise, which may also induce growth. A key achievement was the launch of the Social Business Initiative.

5.1.3. The single market and consumer protection and empowerment beyond the flagship initiatives

- The services sector has been highlighted by the Commission as one of a few key sectors in which further deepening of the single market could lead to substantial gains in terms of growth. The Services Directive, adopted in 2006, constitutes the main horizontal internal market-related legislation in place for the sector. It is estimated that full implementation of the Services Directive by Member States in

only a selection of the sectors covered by it could increase the EU's GDP by 2.6% in the long run.

- Regarding financial services, the Commission has acted in developing a substantial regulatory reform agenda in response to the financial crisis. Legislative achievements at the retail level relevant for the single market include the Mortgage Credit Directive (MCD) and the Payment Accounts Directive (PAD). According to one estimate, fully integrated financial markets could induce a rise in GDP of 1.1% in the long run.
- The main existing legislation on public procurement was revised during the 7th legislature as part of a comprehensive modernisation package, which could contribute to addressing barriers to a single procurement market. If cost savings already achieved for procurement contracts published at EU level could be achieved for all public procurement, EU GDP could increase by 0.5%, according to one estimate.
- The Mutual Recognition Regulation is the main legislative achievement serving to uphold the principle of mutual recognition. According to the impact assessment that accompanied the initial proposal, successfully ensuring the perfect operation of mutual recognition inside the EU could produce a maximum possible one-off increase in EU GDP of 1.8%.
- Taxation is also a tool that can contribute to furthering the single market. Among other things, policy action during the 7th legislature has aimed at revising the VAT system. One study has estimated that implementation of the VAT Directive could potentially lead to an increase of 1% in the EU's GDP, with 0.3% of GDP growth lost due to inefficient implementation.
- Competition policy aims to ensure a level-playing field that can facilitate the provision of goods and services across borders and thus strengthen the single market. An achievement of the 7th legislature relates to the ongoing modernisation of state aid policy. In addition, competition decisions taken by the Commission in 2011 concerning horizontal mergers are estimated to have led to consumer savings of EUR 4 billion.
- Similarly, an open trade policy is an important complement to furthering the single market, and also holds potential for a major contribution to growth. An agreement to lower barriers between the US and the EU could boost the EU's GDP per capita by between 2% and 3.5%, although strong concerns exist regarding the impact of such an agreement on consumer protection.

5.1.4. Cross-cutting conclusions

As shown above, progress has been made in furthering the single market and improving consumer protection and empowerment through a range of legislative and non-legislative achievements made across all flagship initiatives.

The evidence collected shows that the nature of the policy and legislative achievements relevant for the single market and consumer protection varies widely across the flagship initiatives, and across those areas considered not explicitly or comprehensively covered by the initiatives. In particular, in several sectors or sub-sectors a comprehensive legal framework for deepening the single market and/or improving consumer protection and empowerment has already been adopted or has been proposed by the Commission. Such is the case, for example, regarding:

- The energy sector (the Third Energy Package adopted);

- The transport sector (the Fourth Railway Package proposed);
- The digital sector (the Telecoms Package adopted and the Connected Continent Regulation proposed); or
- Industrial products (the Product Safety and Market Surveillance Package proposed).

Nonetheless, achievements have been more numerous and wide-ranging in specific flagship initiatives. Those that have seen a comparatively larger number of individual legislative or policy achievements in the single market area are 'A digital agenda for Europe', 'Innovation Union', 'Resource-efficient Europe', 'An industrial policy for the globalisation era' and 'An agenda for new skills and jobs', while flagship initiatives 'Youth on the move' and 'European platform against poverty' have seen comparatively fewer (as indicated in the overview table below). Regarding consumer protection and empowerment, those that have seen a comparatively larger number of individual legislative or policy achievements are 'A digital agenda for Europe', 'Resource-efficient Europe' and 'An industrial policy for the globalisation era', while , 'Innovation Union', 'Youth on the move', 'An agenda for new skills and jobs' and 'European platform against poverty' have seen comparatively fewer.

Furthermore, as shown in Section 3, in some areas substantial barriers to single market integration or deficiencies in consumer protection remain.

The tables below summarise key policy and legislative achievements during the seventh legislature in the areas of the single market and consumer protection and empowerment by flagship initiative. The status at the time of writing – adopted or proposed – is also indicated.

Table 43: Summary of achievements in the area of the single market across flagship initiatives

FI 1 – A digital agenda for Europe	FI 2 – Innovation Union	FI 3 – Youth on the move	FI 4 – Resource efficient Europe	FI 5 – Industrial policy	FI 6 – Agenda for new skills & jobs	FI 7 – Platform against poverty
<p>Adopted:</p> <ul style="list-style-type: none"> - Roaming Regulations - Telecoms Package - SEPA Regulation - Regulation on Cross-Border Payments in the Community - Regulation on eID and trust services - Directive on Collective Management of Copyright - Directive on Orphan Works - Roadmap for completing Single Market for parcel delivery - Directive on e-invoicing in Public Procurement - Revision of Public Procurement Directives - Collective Redress Recommendation <p>Proposed:</p> <ul style="list-style-type: none"> - Connected Continent Regulation - Revised Payment Services Directive - Common European Sales Law 	<p>Adopted:</p> <ul style="list-style-type: none"> - Revision of Public Procurement Directives - EU patent package - Standardisation Regulation - State Aid Modernisation package - Regulation on European Venture Capital Funds - Revision of Transparency Directive - Revision of Market Abuse Directive - Revision of the MiFi Directive - Revision of the Prospectus Directive - Establishment of EU Framework for Research Careers - Strengthening of Marie Skłodowska-Curie actions <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on European Long-term Investment Funds 	<ul style="list-style-type: none"> - Regulation establishing Erasmus - Recommendation on Promoting the Learning Mobility of Young People - Publication of the first Mobility Scoreboard - Review of the ECTS Users' Guide - Development of U-Multirank - Publication of guidance of the rights of mobile students in the European Union - Launch of the European Skills Passport - Launch of 'Your First EURES Job' - Recommendation on the establishment of the ECVET 	<p>Adopted:</p> <ul style="list-style-type: none"> - Third Energy Package - Renewable Energy Directive - Package on guidance to Member States on state intervention in electricity markets - Guidelines for development of the trans-European network - Coach and Bus services Regulation - International road haulage Regulation <p>Proposed:</p> <ul style="list-style-type: none"> - Fourth Railway Package - Update of Single European Sky Package (SES2+) - Blue belt package (expected) 	<p>Adopted:</p> <ul style="list-style-type: none"> - Sector-specific industrial products directives, including Alignment Package - Construction Products Regulation - Single Market for Green Products initiative - Standardisation Regulation - Late Payment Directive - High Level Group on Business Services - Entrepreneurship 2020 Action Plan 	<p>Adopted:</p> <ul style="list-style-type: none"> - Revised Professional Qualifications Directive; - European Classification of Skills/Competences, Qualifications and Occupations; - Directive on supplementary pension rights for mobile workers - Posting of Workers Enforcement Directive - Directive to Improve Enforcement of Workers Rights - Decision on co-operation between public employment services <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on EURES - Roadmap for a Partial Revision of Regulations Nos. 883/2004 and 987/2009 	<p>Adopted:</p> <ul style="list-style-type: none"> - Regulation on European Social Entrepreneurship Funds - the Public Procurement Directives - Payment Accounts Directive - Directive on Disclosure of Non-Financial and Diversity Information by Businesses <p>Proposed:</p> <ul style="list-style-type: none"> - Regulation on the Statute for a European Foundation

Source: Compiled by Civic Consulting.

Table 44: Summary of achievements in the area of the consumer protection and empowerment across flagship initiatives

FI 1 – A Digital Agenda for Europe	FI 2 – Innovation Union	FI 3 – Youth on the move	FI 4 – Resource efficient Europe	FI 5 – Industrial policy	FI 6 – Agenda for new skills and jobs	FI 7 – Platform against poverty
<p>Adopted:</p> <ul style="list-style-type: none"> - Better Regulation and Citizens' Rights Directives - Consumer Rights Directive - ADR Directive and ODR Regulation - Regulation on Cross-Border Payments in the Community <p>Proposed:</p> <ul style="list-style-type: none"> - Connected Continent Regulation - Initiatives to protect consumers in the area of online gambling - New Directive on Payment Services - Common European Sales Law - General Data Protection Regulation and a Police and Criminal Justice Data Protection Directive - Directive concerning measures to ensure a high common level of network and information security across the Union 	No specific achievements	No specific achievements	<p>Adopted:</p> <ul style="list-style-type: none"> - Third Energy Package - Energy Efficiency Directive - European Energy Consumers' Rights' List - Guidance document on vulnerable consumers <p>Proposed:</p> <ul style="list-style-type: none"> - European vision for Passengers - Bus Regulation - Waterborne Regulation - Consumer Rights Directive 	<p>Proposed:</p> <ul style="list-style-type: none"> - Product Safety and Market Surveillance Package 	No specific achievements	<p>Adopted:</p> <ul style="list-style-type: none"> - Payment Accounts Directive - Directive on Disclosure of Non-Financial and Diversity Information by Businesses

Source: Compiled by Civic Consulting.

The evidence concerning the economic impacts of actions relating to the single market or consumer protection/empowerment in the sectors covered by the flagship initiatives demonstrate that potentially significant increases in GDP or in efficiency/savings could be achieved. Specifically, and looking towards the 2020 horizon, on the basis of the research identified some of the largest contributions to growth could be achieved in furthering the single market in the goods market, digital markets, energy markets and transport markets. Additional, although likely smaller, contributions to growth could be achieved in furthering the single market for labour (see overview table below).

However, as shown in the previous section, while the coverage of the flagship initiatives of areas relevant for the internal market and consumer protection/empowerment can be considered relatively comprehensive, several others do not fall explicitly or comprehensively within the scope of the flagship initiatives (in terms of policy actions to deepen the single market or improve consumer protection). These include services covered by the Services Directive, retail financial services, public procurement and concessions, mutual recognition, taxation and the business environment, as well as linkages to other relevant policy areas such as competition policy and trade policy. As shown in the previous section, evidence collected suggests that significant contributions to economic growth as well as efficiency gains/savings could also be achieved if relevant policy actions to further the single market were implemented in these areas.

The table below presents key results from the evidence presented in Sections 3 and 4 selected to illustrate both potential contributions to growth as well as potential savings resulting from actions to deepen the single market. Results are presented by areas, distinguishing between those covered/not explicitly or comprehensively covered by the flagship initiatives. Results are further explored in the next section on recommendations.

Table 45: Selection of key results on potential contributions to growth and potential savings resulting from single-market related actions across areas, based on ex-ante estimates identified in studies and impact assessments reviewed

Area	Key estimates of potential contributions to growth	Key estimates of potential savings
Overall EU economy		
Goods and services markets	Up to 14% increase in EU GDP over 2011-2020 – resulting from a complete elimination of all remaining barriers in goods and services in the EU. ^{T138}	n.a.
Areas covered by the flagship initiatives		
Goods markets	2.2-3.3% increase in EU GDP in 2005 resulting from goods market integration over the 1960-2000 period; and 2.2-8.8% increase in EU GDP in the very long run – resulting from full integration of goods markets. ^{T139}	Increase of EUR 183-269 billion in the total value of merchandise exports between Member States in the long term resulting from removal of barriers to FDI and non-tariff barriers within the internal market for goods. ¹⁴⁰
Digital markets	Up to 4% increase in EU GDP over 2010-2020 resulting from completing the digital single market. ^{T141}	Savings of EUR 100 billion per year for public entities resulting from transition to e-procurement. ¹⁴²
Energy markets	0.6-0.8% increase in EU GDP over 2011-2020 resulting from liberalisation of gas and electricity markets. ^{T143}	Up to EUR 30 billion in savings per year in the EU27 from gas market integration, and EUR 12.5-40 billion in savings per year in the EU27 by 2030 from electricity market integration. ^{T144}
Transport markets	Up to 1.8% and up to 1.3% increase in EU GDP over 2005-2025 resulting from supply-side and demand-side effects of air transport liberalisation respectively. ^{T145}	EUR 0.91-1.8 billion in savings annually over the 2014-2034 period resulting from completing the single market for air. ^{T146}
Labour markets	Up to 0.6% increase in EU GDP in the long run since 2004 resulting from population flows from 8 countries that acceded to the EU in 2004. ^{T147}	n.a.

Area	Key estimates of potential contributions to growth	Key estimates of potential savings
Areas not explicitly or comprehensively covered by the flagship initiatives		
Services under Services Directive	0.8-2.6% increase in EU GDP in the long run since adoption of the directive resulting from its full implementation and enforcement. ^{T148}	EUR 100-304 billion in savings in total resulting from full implementation of the Services Directive. ^{T149}
Mutual recognition	1.8% increase in EU GDP resulting from perfect operation of Regulation 764/2008. ^{T150}	n.a.
Public procurement	0.1-0.5% increase in EU GDP over 2011-2021 resulting from savings related to public procurement directives (prior to revision), if the directives applied to all EU public procurement. ^{T151}	Potential savings of EUR 36.5-66.5 billion annually resulting from closure of remaining gaps in EU public procurement legislation. ^{T152}
Financial services	1.1% overall or 0.025% per year increase in EU GDP resulting from full integration of financial markets in the long run since 2002, or over 1999-2010 respectively. ^{T153}	EUR 285 million per year in consumer savings resulting from a more complete internal market for consumer credit. ^{T154}
Taxation	1% increase in EU GDP resulting from implementation of the VAT Directive, with an additional 0.3% if the directive were efficiently implemented. ^{T155}	Annual savings for businesses of EUR 9-20 billion resulting from implementation of a common EU standard VAT return. ^{T156}

Source: Compiled by Civic Consulting; sources specified in endnotes. The selection of estimates is made from a range of estimates presented in Sections 3 and 4 on potential contributions to growth and savings. Figures relating to growth or savings for a given area are each based on separate studies.

5.2. Recommendations

5.2.1. Reigniting growth through the single market and consumer protection

The Europe 2020 strategy was developed in the aftermath of the crisis with the overarching priorities of achieving economic growth that is smart (based on knowledge and innovation), sustainable (promoting a more resource-efficient, greener and more competitive economy), and inclusive (fostering a high-employment economy delivering social and territorial cohesion). Specific EU headline targets for 2020 were developed to achieve these goals, which were to be translated into national targets and trajectories, specifically:

- 75% of the population aged 20-64 should be employed;
- 3% of the EU's GDP should be invested in R&D;
- The '20/20/20' climate/energy targets should be met i.e. greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990; 20% of energy from renewables; 20% increase in energy efficiency;
- The share of early school leavers should be under 10% and at least 40% of 30-34 year olds should have a tertiary degree; and
- 20 million fewer people should be in or at risk of poverty and social exclusion.

The seven flagship initiatives that are the main focus of this study served to catalyse progress towards each of these headline targets. In addition, the single market, as well as financial levers such as the multi-annual financing framework of the EU budget and external policy tools including trade policy, were promoted as EU-level instruments to contribute to achieving these goals in parallel. This thematic approach combining priorities and headline targets was to act as one pillar of the Europe 2020 strategy, combined with a second pillar based on country reporting, involving country-specific recommendations as part of what is now known as the European Semester.

The Commission's stock-taking of the strategy earlier this year has shown that progress towards the headline targets has been mixed, even if results need to be appreciated against the background of the crisis.⁴⁴⁹ As growth has been sluggish at best since 2010, and in view of the mid-term review of the strategy in 2015, it makes sense to consider ways in which the strategy could be modified, or even restructured, to better attain the jobs and growth priorities.

A single EU market based on the free movement of goods, services, labour and capital has constituted a vital component of European integration for much time, and has developed at a markedly faster pace than political integration. Studies as early as the 1980s, with the publication of the Cecchini report in 1988 on the costs of 'non-Europe', have pointed to the economic costs of not having a single market, and thus at the contributions it has made and could make to economic growth in the EU. Interviewees have also pointed out that, contrary to other policy instruments or tools to boost growth, internal market integration may require comparatively less EU funding, as it is in large part based on political will. In the same vein as the internal market, consumer policy is a key area where the EU has power to legislate to protect and empower consumers in the EU, and thus instil the consumer confidence and trust necessary to sustain consumption, particularly in a cross-border environment. Consumer protection and empowerment thus also make a significant contribution to a well-functioning economy, and go hand-in-hand with any policy to boost growth centred on the single market. This is especially important at this stage of the

⁴⁴⁹ European Commission, COM (2014) 130 final/2 - Taking Stock of the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, 2014.

market integration process for some sectors (e.g. energy), where advances in integration at the wholesale level are not mirrored by similar levels of retail market integration, underscoring the need for a framework that promotes consumers' trust in their being protected across EU borders. It follows that the single market, including the accompanying consumer protection and empowerment to uphold it, can be seen as one of the main policy tools or instruments to boost economic growth and jobs in the EU, and thus respond to the need to reignite growth as part of an updated Europe 2020 strategy.

And indeed, the results of this study confirm that further deepening of the single market in selected areas has substantial potential to contribute to economic growth, particularly as a result of dynamic benefits resulting from long-term reallocation of capital and labour and the ensuing productivity and efficiency gains. The president of the European Commission, Jean-Claude Juncker, confirmed the potential of the single market in his political guidelines for the new Commission, vowing to "fully exploit its potential in all its dimensions", and explicitly emphasised furthering the Digital Single Market, a European Energy Union, the internal market in products and services, a Capital Markets Union and the free movement of workers.⁴⁵⁰

Nonetheless, the potential costs of the single market, related to e.g. a widening in regional and distributional disparities, or an increase in environmental degradation as a result of higher intensity of cross-border trade and travel, have not been studied. And the need to ensure complementarity with the more traditional drivers of growth, such as increasing employment and boosting investment in innovation and education, should not be overlooked.

The key dimensions of the Europe 2020 growth strategy – smart, sustainable and inclusive – are therefore highly relevant as directional guides. Actions to deepen the single market and improve consumer protection and empowerment should be combined with the appropriate economic incentives and/or supporting policies to ensure that the economic gains achieved are both environmentally sustainable and distributed in an inclusive manner, while being complementary with other key drivers of growth.

Lastly, the single market and consumer protection and empowerment also confer other important benefits in their own right that go beyond economic growth. A truly single market allows for a much greater choice in goods and services, and of a better quality. And strong consumer protection and empowerment among other things function as an outreach policy to citizens showing the benefits of the EU and its single market, while also contributing to increased trust, the upholding of fundamental rights and the protection of those most vulnerable in society.⁴⁵¹

These observations lead to an initial, general recommendation:

Recommendation 1: In the context of the mid-term review of the Europe 2020 strategy, the single market and consumer protection should continue to be considered as key tools for reigniting economic growth in the EU, to the extent they remain complementary other key drivers of growth. In parallel, measures should be taken to ensure that the economic gains achieved are both environmentally sustainable and distributed in an inclusive manner. At the same time, the benefits of the single market and consumer protection that go beyond growth - e.g. in terms of consumer choice and trust, an outreach policy to citizens, the upholding of fundamental rights and the protection of those most vulnerable in society - should not be neglected.

⁴⁵⁰ Juncker, Jean-Claude, Political Guidelines for the next European Commission, Strasbourg, 15 July 2014.

⁴⁵¹ In particular as consumer protection is also a right under Article 169 of the Lisbon Treaty.

5.2.2. Refining the focus of the Europe 2020 strategy and its flagship initiatives on areas where there is untapped growth potential

For some flagship initiatives, achieving a single market in the relevant sectors is identified as an explicit priority; such is the case for the 'Digital Agenda for Europe', for which the completion of the digital single market constitutes a key pillar of the initiative, on the basis of 28 specific policy actions. In other flagship initiatives, the goal of achieving a single market is less explicitly identified as a priority; such is the case for the energy and transport sectors under the flagship initiatives 'Resource-efficient Europe' and 'An industrial policy for the globalisation era'. Furthermore, as shown above, the deepening of the single market in other areas that offer the potential for significant contributions to economic growth if barriers were removed is not explicitly identified by any flagship initiatives as a priority. Such is the case for the financial services sector, and many of the services falling within the scope of the Services Directive, for example. Moreover, linkages with other cross-sectoral policy instruments featuring mutually reinforcing benefits for the single market and consumer protection and empowerment – such as competition policy and trade policy – are not explicit across the flagship initiatives.

It is clear that a lack of (sufficiently) explicit identification of the furthering of the single market and improving consumer protection and empowerment in specific areas and related linkages to policy areas as priorities in the flagship initiatives does not preclude the realisation of important achievements in these areas (indeed, as shown in Section 4, some major achievements have been made). However, if the flagship initiatives are understood as thematic frameworks for the main policy actions to catalyse progress towards the headline targets, and thus boost economic growth, it makes sense that they comprise those policy actions that are likely to most contribute to economic growth on the basis of available evidence.

It follows that, if policymakers wish to further exploit the growth potential of the single market and related consumer protection and empowerment (as is recommended above), additional emphasis in the Europe 2020 strategy or relevant flagship initiatives of the importance of actions in those areas found to have significant growth potential could be applied. The strategy would also need to incorporate the relevant linkages to other cross-sectoral policy areas, while continuing to address barriers in those areas already well covered.

Concretely, this would entail addressing in priority those areas with untapped growth potential. That is, areas where both a) barriers to internal market integration and deficiencies in consumer protection and empowerment have not been sufficiently addressed; and b) evidence exists of a sufficiently high growth potential to warrant specific attention to those barriers and deficiencies.⁴⁵² In line with the results of this study, therefore, specific policy actions in the Europe 2020 strategy could be included aiming at addressing barriers in the services sectors covered by the Services Directive, in financial services, and in public procurement, for example, while applying more explicit emphasis on deepening the single markets for energy and transport sectors. In parallel, efforts to develop the appropriate linkages with competition policy and trade policy could be made, while continuing to place strong emphasis on completing the digital single market.

⁴⁵² Although, as mentioned, selected barriers to the single market and deficiencies in consumer protection may be very important to address in their own right, beyond their economic growth potential, for the reasons outlined in recommendation 1.

These observations lead to the following recommendation:

Recommendation 2: To further exploit the growth potential of the single market and related consumer protection and empowerment, additional explicit emphasis in the Europe 2020 strategy or relevant flagship initiatives should be applied to addressing in priority those areas with untapped growth potential. That is, areas where both a) barriers to internal market integration and deficiencies in consumer protection and empowerment have not been sufficiently addressed; and b) evidence exists of a sufficiently high growth potential to warrant targeted attention to those barriers and deficiencies. In line with the results of this study, specific policy actions in the Europe 2020 strategy could be included aiming at addressing barriers in the services sectors covered by the Services Directive, in financial services, and in public procurement, for example, while applying more explicit emphasis on deepening the single markets for energy and transport sectors. In parallel, efforts to develop the appropriate linkages with competition policy and trade policy could be made, while continuing to place strong emphasis on completing the digital single market.

5.2.3. Improving the clarity in the coverage and presentation of the flagship initiatives and their synergies with other ongoing initiatives

The research process undergone for this study, involving a comprehensive literature and document review as well as stakeholder and expert interviews, reveals that the areas and related policy actions covered by the flagship initiatives are in several cases difficult to categorise as being within the scope of a single flagship initiative. For example, while it is understood that the energy and transport sectors are jointly covered by the flagship initiatives 'Resource-efficient Europe' and 'An industrial policy for the globalisation era', the appropriate place of policy actions relating to furthering the single market for energy or transport is unclear, as they are alluded to under both flagship initiatives. In addition, interviewees have offered differing views as to the appropriate labelling of policy actions developed subsequent to the initial outlining of the flagship initiatives in 2010: some have considered them to continue to fall within the scope of the flagship initiative in question, while others have considered them to go beyond the scope of the flagship initiative initially outlined. Furthermore, in a number of cases while there has appeared to be an implicit understanding of the Commission DG responsible for policy actions, explicit indications are missing. This can lead to a lack of clarity as to e.g. the extent to which specific DGs have been able to successfully implement the policy actions for which they are responsible, particularly from an evaluation perspective.

These observations point to a need for further clarity in the coverage of the areas and related policy actions by flagship initiatives, the lead institutions/entities implementing the measures outlined under the flagship initiatives, and their overall presentation. An example of a flagship initiative for which coverage of areas, policy actions, related indicators/reporting and responsible units are comparatively more clearly identifiable is the Digital Agenda for Europe flagship initiative. Unlike other flagship initiatives, it is structured according to 101 actions, brought together under 7 pillars (including a specific pillar for the digital single market, as mentioned above). For each action, information is offered as to the progress in its implementation. In addition, the actions as a whole are aimed at attaining 13 specific goals, for which progress is measured on a dedicated Digital Agenda scoreboard. Interviewees have noted in particular that such measures of progress were found helpful by stakeholders for determining their own priorities. The clarity of the Digital Agenda for Europe flagship initiative may also help explain why many Member States (over twenty, according to interviewees) have adopted their own national 'digital agendas', which have reportedly contributed to clarifying targets to be achieved at the national level.

Finally, it should be noted that the Commission's agenda for simplification of EU law and reduction of administrative burden, the Regulatory Fitness and Performance programme (REFIT), also covers many of the areas that come within the scope of the current flagship initiatives.⁴⁵³ Where overlaps exist, policy actions under the flagship initiatives should be appropriately synchronised and coordinated with the relevant REFIT programme initiative, to maximise efficiency.

The above considerations lead to the following recommendation:

Recommendation 3: In the context of the mid-term review of the Europe 2020 strategy, if the overall approach based on flagship initiatives is to be maintained, further clarity should be sought in the coverage of areas relevant for each of the flagship initiatives, in the lead institutions/entities implementing the measures outlined under the flagship initiatives. The overall presentation of the flagship initiatives could be improved by including a clear statement of goals and progress measured. The Digital Agenda for Europe flagship initiative could serve as a benchmark in these respects. At the same time, policy actions under the flagship initiatives should be appropriately synchronised and coordinated with the REFIT programme, where relevant, to maximise efficiency.

5.2.4. Exploiting the potential of recurring Single Market Acts focused on key areas

Interviewees indicated that the Single Market Acts I & II have proven to be effective cross-cutting policy instruments to provide short-term impetus to and measure performance in key areas where further work to deepen the single market (and improve consumer protection and empowerment) was deemed necessary, based on specific policy actions. Many of the Single Market Act actions also fall within the scope of the flagship initiatives, as shown in Section 3.8.1. Additional Acts could therefore function as a supporting tool to flagship initiatives, starting with a Single Market Act III, which has already been under discussion for some time. They could be implemented on a short-term, recurring basis, with each new Act refocusing on policy actions aimed at the remaining barriers to unlock untapped growth potential of key areas from a single market and consumer protection/empowerment perspective. These areas could as a starting point include those referred under recommendation 2.

Recommendation 4: Additional Single Market Acts could function as a supporting tool to flagship initiatives, starting with a Single Market Act III. They could be implemented on a short-term, recurring basis, with each new Act refocusing on policy actions aimed at remaining barriers to unlock the untapped growth potential of key areas from a single market and consumer protection/empowerment perspective.

5.2.5. Exploiting country-specific recommendations of the European Semester and reinforcing cooperation among national competent authorities to improve enforcement

As shown in the study, the nature of the policy and legislative achievements relevant for the single market and consumer protection varies widely across the flagship initiatives, and across those areas considered not explicitly covered by the initiatives. In particular, in several areas a comprehensive legal framework for deepening the single market and/or improving consumer protection and empowerment has already been adopted or has been proposed by the Commission: such is the case, for example, for the energy sector, for industrial products, and for services covered by the Services Directive. In these cases, the

⁴⁵³ See European Commission, COM(2013) 685 final - Regulatory Fitness and Performance (REFIT): Results and Next Steps, 2013 and European Commission, SWD (2013) 401 final - Regulatory Fitness and Performance Programme (REFIT): Initial Results of the Mapping of the Acquis, 2013.

main priority is ensuring the correct implementation and enforcement of the legal framework in the Member States. And while these priorities are clear regarding internal market legislation, the importance of implementing harmonised consumer protection legislation should not be neglected. Indeed, even if the overall level of protection afforded by EU legislation is high, differences in implementation can cause significant consumer detriment.

Interviewees have emphasised that the European Semester could be fully exploited to encourage the correct implementation and enforcement of legislation through the country-specific recommendations provided to Member States. Additional emphasis was placed on reinforcing cooperation between competent authorities and related networks in relevant areas (both in an internal market and consumer protection/empowerment perspective), which would offer an EU-wide coordinated and coherent response in tackling issues of non-compliance.

This leads to the following recommendation:

Recommendation 5: Where a comprehensive legal framework has already been laid down, country-specific recommendations developed during the European Semester should be fully exploited to catalyse implementation and enforcement of single market and consumer protection-relevant legislation in the Member States, along with further reinforcement of cooperation among relevant national competent authorities and related networks to offer an EU-wide coordinated and coherent response to non-compliance issues.

5.2.6. Developing indicators and targets for the single market and consumer protection

Launched in parallel to the Europe 2020 strategy in 2010, the Commission's Smart Regulation agenda has been successful in fostering a culture of impact assessment and evaluation in the design and appraisal of policy and legislative achievements. A particular emphasis is placed on measuring the magnitude of impacts through the use of well-defined indicators. In line with this, indicators and targets have been increasingly used to respectively assess and stimulate progress in a range of policy areas. In its stock-taking of the strategy, the Commission recognised, despite some limitations, the importance of the headline targets of the Europe 2020 strategy for the overall focus of the strategy, policy anchoring, and monitoring progress.

In this regard, and in view of a strategy that more explicitly focuses on the untapped growth potential of deepening the single market and improving consumer protection and empowerment in key areas (in line with recommendation 2), it is reasonable to consider whether policy indicators and targets should be developed specifically for single market integration and consumer protection and empowerment. The new indicators and targets would appear on par with the other headline indicators and targets developed for the policy areas considered under the strategy to be important for smart, sustainable inclusive growth (i.e. employment, education, research and innovation, energy and climate, and social and cohesion policy).

A series of sector-specific indicators for single market integration and consumer protection and empowerment at EU level have already been developed and commented on in this study, focusing variously on economic statistics (e.g. intra-EU cross border trade, price convergence, etc.), legal statistics (e.g. delays in transposition of directives, number of directives incorrectly transposed, complaints data from SOLVIT, etc.), survey data (e.g. consumer cross-border purchases, complaints), and other aspects, while work is ongoing to

further refine indicators.⁴⁵⁴ In this regard, a well-defined aggregate index constructed with a selection of these indicators (e.g. similar to the index presented in Section 2.1), or alternatively a key specific indicator sufficiently comprehensive in scope, could serve as a basis for a headline target for single market integration and/or consumer protection and empowerment.

These observations lead to the following recommendation:

Recommendation 6: In order to both measure and stimulate progress to deepening the single market (and improving consumer protection) in key areas, a headline indicator and target for single market integration and/or consumer protection at EU level should be considered. This could be based on a well-defined aggregate index constructed with a selection of indicators, or alternatively a key specific indicator that would be sufficiently comprehensive in scope.

5.2.7. Improving the credibility of quantitative results on economic impacts

In the course of the research for this study, a significant number of studies, impact assessments and other literature was identified and reviewed. The quantitative results concerning economic impacts of either specific policy actions or general market changes/reforms offered varying levels of scientific rigour. Indeed, while many studies produced results based on clearly defined and well-known methodologies and datasets, others have appeared to lack clear information as to the methodology applied and data used to justifiably obtain the results claimed, or have neglected to sufficiently indicate potential limitations to the methodology (e.g. accounting for lack of a true counterfactual) or data.

Clear and credible ex-ante assessments in particular are especially important as a basis for ex-post assessments, in order to both accurately assess the observed outcomes against those predicted, and further refine the ex-ante assessment methodology in order to arrive at better predictions. Promoting the provision of complete information on the methodology and datasets used in the assessment of economic impacts could therefore be beneficial for several reasons. It will be possible to better ensure the credibility and comparability of the results obtained, better establish the appropriate linkages between ex-ante and ex-post assessments, and point to gaps in the data needed to conduct the assessments.

This leads to the following recommendation:

Recommendation 7: In the context of assessment of economic impacts, further efforts should be made to promote the provision of appropriate details on the methodology applied and the data used (e.g. a methodological annex, database and a full list of references), in order to ensure the credibility and comparability of the results obtained, establish the relevant linkages with ex-post assessments, and point to gaps in the data needed to conduct the assessments. Ways to streamline and standardise the approach to data collection and assessment of impacts for various sectors could therefore be explored.⁴⁵⁵

⁴⁵⁴ As documented in e.g. Centre for European Policy Studies, *Indicators for Measuring the Performance of the Single Market – Building the Single Market Pillar of the European Semester, 2014*. The Commission's Single Market, Consumer Conditions and Consumer Market Scoreboards could also be of particular relevance in this regard, as they include respectively indicators on transposition and infringements of legislation, data on cross-border sales and enforcement indicators in Member States, and data on consumer perceptions of the performance of specific markets, inter alia.

⁴⁵⁵ An overview of approaches to ex-ante impact assessment and ex-post evaluation at EU and national level, related shortcomings identified, and ways to better integrate them into a performance-based full policy cycle is presented in Müller, Patrice et al., *Performance-based full policy cycle for the Digital Single Market*, Study prepared for the European Parliament's Committee on Internal Market and Consumer Protection, 2013.

5.2.8. Conducting further research into barriers and associated growth potential where there is less evidence.

In a number of areas, comparatively less evidence of existing barriers and associated growth potential was identified during the course of the study. From a general perspective these include capital and labour markets, which have seen comparatively less focus than goods and services markets. And at a specific level, this concerns the diverse aspects of the regulatory business environment of the internal market: while public procurement has received substantial focus, comparatively little evidence on the impacts of single market- or consumer protection-related actions in the areas of e.g. company law, accounting and auditing, rating agencies, contract law, insolvency rules, taxation and the customs union has been collected. Yet as a harmonised regulatory and business environment constitutes an important precondition to sustained cross-border private investment, actions aimed at achieving this end could also be expected to result in significant gains in economic growth.

This leads to the following, final recommendation:

Recommendation 8: Additional research aimed at in those areas for which comparatively less evidence of existing barriers and associated growth potential has been identified, such as capital and labour markets, but also the regulatory and business environment.

5.3. Overview of strategic objectives and specific objectives/instruments

In the table on the following pages we provide an overview of strategic objectives and specific objectives/instruments to guide future policymaking needs based on the recommendations above.

Table 46: Overview of strategic objectives, specific objectives/instruments and associated timeframe by recommendation

Recommendation	Strategic objectives	Specific objectives/instruments	Timeframe
1. Reigniting growth through the single market and consumer protection	<ul style="list-style-type: none"> Reignite growth in the EU Ensure that growth is sustainable and inclusive Maximise efficiency of growth policies as a whole Improve consumer choice and trust Reach out to EU citizens in showing the benefits of the EU and its single market Uphold fundamental rights Protect the most vulnerable in society 	<ul style="list-style-type: none"> Maintain emphasis on policy actions to deepen the single market in Europe 2020 strategy Combine single market-related actions with the appropriate economic incentives and/or supporting policies to ensure economic gains achieved are both environmentally sustainable and distributed in an inclusive manner Ensure complementarity of single market-related actions with other drivers of growth, such as increasing employment and boosting investment in innovation and education Maintain emphasis on policy actions to improve consumer protection and empowerment in Europe 2020 strategy 	Long term
2. Refining the focus of the Europe 2020 strategy and its flagship initiatives on areas with untapped growth potential	<ul style="list-style-type: none"> Further exploit the growth potential of the single market in the Europe 2020 strategy Further exploit the growth potential of consumer protection and empowerment in the Europe 2020 strategy 	<ul style="list-style-type: none"> Apply explicit emphasis in the Europe 2020 strategy or in relevant flagship initiatives to addressing in priority those areas with untapped growth potential, i.e.: <ul style="list-style-type: none"> Further address barriers in the services sectors covered by the Services Directive, in financial services, and in public procurement, for example Apply more explicit emphasis on deepening the single market for the energy and transport sectors Apply efforts to develop the appropriate linkages with competition policy and trade policy Continue to place strong emphasis on completing the digital single market 	Short to long term
3. Improving the clarity in the coverage and presentation of the flagship initiatives and their synergies with other ongoing initiatives	<ul style="list-style-type: none"> Clarify the coverage of the areas relevant for each of the flagship initiatives Maximise overall efficiency through synergies with other ongoing Commission initiatives 	<ul style="list-style-type: none"> Clearly indicate the lead institutions/entities implementing the measures outlined under the flagship initiatives Improve the presentation of the flagship initiatives by including a clear statement of goals and progress measured Employ the Digital Agenda for Europe flagship initiative as a benchmark example Synchronise and coordinate policy actions under flagship initiatives with the REFIT programme, where relevant 	Short term

Recommendation	Strategic objectives	Specific objectives/instruments	Timeframe
4. Exploiting the potential of recurring Single Market Acts focused on key areas	<ul style="list-style-type: none"> • Provide impetus to the single market- and consumer protection / empowerment perspective-related actions of the flagship initiatives 	<ul style="list-style-type: none"> • Implement additional Single Market Acts (SMAs) on a short-term, recurring basis, starting with SMA III. • Refocus each new Act on policy actions aimed at remaining barriers to unlock the untapped growth potential of key areas from a single market and consumer protection/empowerment perspective 	Short term, recurring basis
5. Exploiting country-specific recommendations of the European Semester and reinforcing cooperation among national competent authorities to improve enforcement	<ul style="list-style-type: none"> • Catalyse implementation of single market and consumer protection-relevant legislation in the Member States • Ensure an EU-wide coordinated and coherent response to non-compliance issues 	<ul style="list-style-type: none"> • Fully exploit the country-specific recommendations developed during the European Semester in areas where a comprehensive legal framework for the single market has already been laid down • Further reinforce cooperation among relevant national competent authorities and related networks 	Short term, continual basis
6. Developing indicators and targets for the single market and consumer protection	<ul style="list-style-type: none"> • Measure and stimulate progress to deepening the single market (and improving consumer protection) at EU level in key areas 	<ul style="list-style-type: none"> • Develop a headline indicator target for internal market integration and/or consumer protection. This could be based on a well-defined aggregate index constructed with a selection of indicators, or alternatively a key specific indicator that would be sufficiently comprehensive in scope 	Short-term
7. Improving the credibility of quantitative results on economic impacts	<ul style="list-style-type: none"> • Improve the credibility and comparability of quantitative results on economic impacts • Establish relevant linkages with ex-post assessments and point to gaps in the data needed to conduct the assessments 	<ul style="list-style-type: none"> • Promote the provision of appropriate details on the methodology applied in impact assessments and the data used (e.g. a methodological annex, database and full list of references) • Explore ways to streamline and standardise the approach to data collection and assessment of impacts for various sectors 	Short to medium term
8. Conducting further research into barriers and associated growth potential where there is less evidence	<ul style="list-style-type: none"> • Ensure research on single-market barriers and associated growth potential is comprehensive 	<ul style="list-style-type: none"> • Conduct additional research aimed at in those areas for which comparatively less evidence of existing barriers and associated growth potential has been identified, such as capital and labour markets, but also the regulatory and business environment 	Short to long term

ANNEX 1 – OVERVIEW OF ACHIEVEMENTS AND CONTRIBUTIONS TO GROWTH BY FLAGSHIP INITIATIVE

Flagship initiative 1: A Digital Agenda for Europe

Achievements relevant for the single market

Under flagship initiative 1, past and potential future achievements relevant to the single market relate to electronic communications, e-commerce/online services and data protection/network and information security.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have furthered the single market include the Telecoms Package (updates the regulatory framework for electronic communications); the Roaming Regulations (introduce caps on roaming fees); the Single Euro Payments Area (SEPA) Regulation (establishes a single market for online payments); the Regulation on Cross-Border Payments in the Community (eliminates differences in charges for cross-border and national payments in euro); the Regulation on electronic identification and trust services (creates a European internal market for electronic Trust Services); the Directive on Collective Management of Copyright (establishing common governance, transparency and financial management standards for collective management of copyright); the Directive on Orphan Works (sets out common rules for digitalisation and display of orphan works); the Directive on electronic invoicing in public procurement (harmonises e-invoicing systems for public authorities); the roadmap for the single market for parcel delivery (sets out the most important issues and a number of future objectives) and the revision of public procurement directives (makes use of electronic communication in public procurement mandatory).

Key proposals for legislation put forward that are likely to further the single market concern a Connected Continent Regulation (would further update the regulatory framework for electronic communications); new rules on Payment Services (would improve low-cost internet payment services); a Common European Sales Law (would give traders choice to sell products to non-domestic citizens according to a single set of contract law rules); and a General Data Protection Regulation (would further harmonise data protection rules).

Achievements relevant for consumer protection & empowerment

Under flagship initiative 1, past and potential future achievements relevant for consumer protection and empowerment again relate to electronic communications, e-commerce/online services and data protection/network and information security.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have improved consumer protection and empowerment include the Telecoms Package (introduces a range of new protective measures for electronic communications, concerning e.g. switching, information requirements, and internet freedom); the Consumer Rights Directive (introduces a range of improved consumer rights applying to goods and services markets and online); the ADR Directive (ensures that disputes between consumers and traders in almost all business sectors can be submitted to an ADR entity); the ODR Regulation (introduces an EU-wide online platform for disputes relating to online purchases); a Recommendation on Collective Redress (sets out a series of common, non-binding principles for collective redress mechanisms); and the Regulation on Cross-Border Payments in the Community (requires ADR procedures for cross-border disputes to be set up by Member States).

Key proposals for legislation put forward that are likely to improve consumer protection and empowerment concern a Connected Continent Regulation (would introduce a range of protective measures for electronic communications, concerning e.g. net neutrality, switching, and an end to roaming charges); a new Directive on Payment Services (would protect consumers against fraud and payment abuses); an initiative on online gambling (aims among other things to protect consumers of online gambling services); a General Data Protection Regulation (would introduce a range of enhanced rights for data subjects); and a Directive concerning measures to ensure a high common level of network and information security across the Union (would improve network and information security).

Impacts on economic growth

Evidence suggests that single-market and consumer protection/empowerment related actions in the digital markets could contribute to a very significant extent to economic growth. One study indicates that the completion of a digital single market could potentially contribute between 2% and 4% to the EU's GDP in the long term, while another shows that increasing the EU's ICT capital stock to the same relative level as the United States could increase GDP by 5% by 2020.

Studies also point to considerable savings that could be made in various areas, which have the potential to contribute to growth. In particular, evidence shows consumers could potentially save EUR 204.5 billion annually due to the growth of e-commerce and removal of Single Market barriers. Further opening up of national markets (leading to increased competition) could lead to welfare gains of EUR 27-55 billion per year thanks to lower prices and more investment, according to another study. The widespread adoption of e-invoicing could also bring significant savings – EUR 238 billion over a six year period, based on one estimation. Finally, there are also indications that actions within the scope of the Digital Agenda could boost employment, with one study estimating that policy initiatives in the area of cloud computing could potentially lead to the creation 2.5 million jobs. Another study argues that intervention to support the deployment of next generation access (NGA) could create 0.63 to 2.59 million jobs by 2020.

Flagship initiative 2: Innovation Union

Achievements relevant for the single market

Under flagship initiative 2, past and potential future achievements relevant to the single market relate to the single market for innovation, access to finance for SMEs and the European Research Area.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have furthered the single market include the revised public procurement directives (will boost innovation in procurement); the EU patent package (will create a unitary patent throughout the EU); a Regulation on European Standardisation (aims at modernising and improving the European standards setting); State Aid Modernisation (reforms the legal framework for state aid with the goal of fostering innovation); a Regulation on European Venture Capital Funds (makes it easier for venture capitalists to raise funds across Europe for the benefit of start-ups); the revision of the Transparency Directive (creates new information requirements while aiming to reduce the administrative burden); revision of the Market Abuse Directive (to ensure it remains up-to-date with market developments); the revision of the Markets in Financial Instruments Directive (aims to make financial markets more efficient, resilient and transparent); revision of the Prospectus Directive (refines the legal framework in order to increase legal clarity and efficiency); the establishment of a European Framework for Research Careers (allows better comparability for research careers

structures in the EU), strengthening of Marie Skłodowska-Curie actions (which receive new funding); and measures to support the establishment of a Pan-European Pension Fund for Researchers (including the creation of a Task Force, which later transformed into a consortium of committed employers).

A key proposal for legislation put forward that is likely to further the single market concerns a Regulation on European Long-term Investment Funds (proposes a new investment fund framework for investors who want to put money into projects for the long term).

Achievements relevant for consumer protection & empowerment

With the exception of the Standardisation Regulation (see summary of 'An industrial policy for the globalisation era' flagship initiative), no specific achievements directly relating to consumer protection and empowerment were identified under flagship initiative 2.

Impacts on economic growth

There are indications that single market related actions under this flagship initiative have potential to contribute to savings and economic growth. One study estimates that a European patent system could lead to savings of EUR 250 million for European businesses, while another study argues that the creation of a Unified Patent Court could lead to savings of EUR 148 million to EUR 289 million. Furthermore, other research shows that abolishing the obligation of listed companies to present quarterly financial reports could bring savings of EUR 2,000 to EUR 60,000 per year/per issuer for small and medium issuers, and from EUR 35,000 to EUR 250,000 per year/per issuer for large issuers, without even taking into account savings in wage bills linked to the staff involved in preparation of these reports.

While quantitative estimates of the economic impact of specific measures could not be found, there nonetheless exists more general research suggesting that they could contribute to growth. For example, it has been argued that standardisation has a positive impact on annual GDP growth ranging from 0.3 to 1 percentage points. There is also evidence that an increase of venture capital investments by 0.1% of GDP could lead to an increase in real GDP growth of 0.3 percentage points. In regard to researcher mobility the evidence is less clear. While one study that looked at the mobility of UK researchers argues that changing jobs had a minimal impact on the scientific performance of the individuals concerned, another study claims that researchers who moved jobs either between European countries or out of Europe had a higher field-weighted citation impact than those who remained in the same country.

Flagship initiative 3: Youth on the move

Achievements relevant for the single market

Under flagship initiative 3, past and potential future achievements relevant to the single market relate to the learning and employment mobility of young people.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have furthered the single market include the Regulation establishing Erasmus+ (combines existing schemes into one integrated programme for education, training, youth and sport); the Council Recommendation on Promoting the Learning Mobility of Young People (recommends Member States to encourage learning mobility); the publication of the first Mobility Scoreboard (provides a framework to assess promotion of learning mobility); the review of the ECTS Users' Guide (will provide a revision of the 2009 ECTS Users' Guide); the development of U-Multirank (provides a new ranking system for universities and colleges); publication of guidance of the rights of mobile students in the European Union (summarises the Commission's interpretation of the law in this area); the launch of the

European Skills Passport (an electronic folder for qualifications and certificates); the launch of 'Your First EURES Job' (supports young people to find a job, traineeship or apprenticeship in other EU countries); the Council and Parliament Recommendation on the establishment of the ECVET (aims to establish a European Credit system for Vocational Education and Training).

Achievements relevant for consumer protection & empowerment

No specific achievements relating to consumer protection and empowerment were identified under flagship initiative 3.

Impacts on economic growth

Quantitative evidence of the contribution of youth mobility-related actions under this flagship initiative to GDP growth could not be located for this study. However an impact assessment conducted by the Commission on the creation of a single EU programme for education, training, youth and sport (later established by the Erasmus + regulation) estimated that the policy could have positive effects on both economic growth and employment. Another impact assessment on a Council Recommendation on Youth Mobility also predicted positive economic and social effects. Furthermore, there is evidence that the 'Your first EURES job' scheme could already be leading to savings, with the benefits per successful work placement ranging from EUR 131 per month in Bulgaria to EUR 2,266 per month in Luxembourg, due to reduced expenditure on unemployment benefit. In addition, several studies suggest that study abroad programmes such as Erasmus can improve the employability of participants. One of these presents evidence that graduates who had taken part in a study abroad programme were 24% more likely to be in employment three years after graduation relative to graduates who did not study abroad. Additionally, former Erasmus students are half as likely to experience long-term unemployment compared with those who have not studied or trained abroad, according to a study prepared for the Commission on the impacts of the Erasmus programme.

Flagship initiative 4: Resource-efficient Europe

Achievements relevant for the single market

Under flagship initiative 4, past and potential future achievements relevant to the single market relate to the energy and transport sectors.

Key legislative acts adopted during the 7th legislature and considered to have furthered the single market include the Third Energy Package (introduces common rules for the generation, transmission, distribution and supply of electricity and gas, inter alia); the Renewable Energy Directive (sets out a common framework for the promotion of energy from renewable sources); the guidelines for development of the trans-European energy infrastructure network (ranks projects eligible for EU assistance and strengthens project coordination); a guidance package to Member States on state intervention in electricity markets (provides guidance to Member States on how to design and reform national support schemes); the Airport Charges Directive (establishes a common framework for airport charges at EU airports); guidelines for development of the trans-European transport network (sets out a framework for identifying projects of common interest); the Coach and Bus services Regulation (harmonises rules on international carriage of passengers by coach and bus within the EU); and the International road haulage Regulation (harmonises rules on the market in the international carriage of goods by road within the EU).

Key proposals for legislation put forward that are likely to further the single market concern a Fourth Railway Package (would reduce fragmentation of the internal market in passenger

rail services); an update of the Single European Sky Package (SES2+) (would enhance safety standards and overall efficiency for general air traffic in Europe); and a Blue Belt package (would reduce administrative burden for intra-EU maritime transport to a level comparable to that of other modes)

Achievements relevant for consumer protection & empowerment

Under flagship initiative 4, past and potential future achievements relevant for consumer protection and empowerment again relate to the energy and transport sectors.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have improved consumer protection and empowerment include the Third Energy Package (lays down universal service obligations and a series of consumer rights in relation to electricity and gas provision, relating to e.g. switching, information requirements, dispute resolution); the Energy Efficiency Directive (introduces measures for consumers to better manage energy consumption); European Energy Consumers' Checklist (provides consumers with clear information on their rights in the energy field); a guidance document on vulnerable consumers (provides guidance to Member States in providing support to vulnerable consumers in the energy sector); European vision for Passengers (provides guidance to stakeholders to better understand EU law in relation to passenger rights); Bus Regulation (establishes rules for the rights of passengers when travelling by bus and coach transport); Waterborne Regulation (establishes rules for the rights of passengers when travelling by sea and inland waterway transport); and the Consumer Rights Directive (aims to increase transparency for passengers, especially when buying transport tickets on-line).

Key proposals for legislation put forward that are likely to improve consumer protection and empowerment concern a proposal for a regulation on air passenger rights and a proposal for a Package Travel Directive.

Impacts on economic growth

In the energy and transport sectors, single-market and consumer protection/empowerment-related actions could contribute substantially to economic growth. In the energy sector in particular, strong benefits from an increase in EU-wide market integration and competition in the form of increases in GDP and in efficiency/savings from switching, welfare gains and lower prices could be achieved. One estimate found that the opening of EU energy markets to greater competition has resulted in welfare gains of around EUR 2 billion per year. Another study indicated that in the future, an increase of up to 0.8% in EU GDP after 10 years could result from liberalising EU gas and electricity markets, while cost savings of up to EUR 30 billion per year in the EU27 and between EUR 12.5-40 billion per year in the EU27 by 2030 could result from the full integration of gas and electricity markets respectively.

Similarly, evidence again indicates the potential for significant economic benefits from single market-related actions in the transport area. In the air transport sector, one study found that over 1993-2003, the GDP of the EU25 increased by up to 4% and would continue to increase over 2003-2025 by 1.8% as a result of specific supply-side effects of growth in air transport due to liberalisation (business investment and underlying productivity impacts), while demand-side effects could lead to an increase of another 1.3%. An impact assessment on the currently proposed policy changes to update the Single European Sky regulations (SES2+) indicated such changes could result in an increase in EU GDP of EUR 750 million per year by 2020 and EUR 900 million per year by 2030. And in the railway sector, it was shown that savings of between EUR 1-2 billion per year could be achieved through further market opening, greater open tendering for public service contracts and continued unbundling until 2034.

Flagship initiative 5: An industrial policy for the globalisation era

Achievements relevant for the single market

Under flagship initiative 5, past and potential future achievements relevant for the single market relate to the internal market for industrial products, as well as other specific areas, such as combating late payments, business services and entrepreneurship.

Key legislative and non-legislative acts adopted during the 7th legislature and considered to have furthered the single market include a range of sector-specific industrial products directives, including an Alignment Package (harmonises rules on a wide range of industrial products); the Standardisation Regulation (acts as the legal basis for European product and services standard setting); the Construction Products Regulation (introduces a uniform assessment methods of the performance of construction products); the Single Market for Green Products initiative (proposes common methods to measure the environmental performance of products and organisations); the Late Payment Directive (harmonises rules on combating late payment in commercial transactions); a High Level Group on Business Services (provided recommendation on the internal market for business services); and the Entrepreneurship 2020 Action Plan (supports entrepreneurship in the EU).

Achievements relevant for consumer protection & empowerment

Under flagship initiative 5, past and potential future achievements relevant for consumer protection and empowerment relate to the internal market for industrial products and standardisation. A key legislative act adopted during the 7th legislature and considered to have improved consumer protection and empowerment is the Regulation on European Standardisation (improved transparency and stakeholder/consumer participation in standard-making, ensuring mandated standards act in support of EU legislation, including safety, digital interoperability, security, access etc.).

A key proposal for legislation put forward that is likely to improve consumer protection and empowerment in the market for industrial products concerns a Product Safety and Market Surveillance Package, which would improve the safety of consumer products circulating in the Single Market and market surveillance concerning all non-food products, including those imported from third countries.

Impacts on economic growth

Full market integration of the goods markets could contribute significantly to economic growth. According to one study, integration of goods markets in the internal market has yielded 2.2-3.3% higher per capita GDP in the EU. If the current level of integration of goods continues, it indicated, GDP per capita in the long run could increase by between 2.2-8.8% in the EU. Moreover, full removal of existing non-tariff barriers (NTBs) and barriers to foreign direct investment (FDI) could lead to the creation of 4.6 billion jobs, according to another study. Evidence also indicates significant savings to be made as a result of the implementation of relevant actions as part of the flagship initiative, such as EUR 180 billion in savings per year due the obligation of the Late Payment Directive for public authorities to pay for services within 30 days. In addition, qualitative impact assessments from the Commission assess that the implementation of the Alignment Package, as well as that of the Product Safety and Market Surveillance Package, will have a variety of positive economic effects, such as increased competitiveness.

Flagship initiative 6: An agenda for new skills and jobs

Achievements relevant for the single market

Under flagship initiative 6, past and potential future achievements relevant for the single market relate primarily to labour mobility.

Key legislative or non-legislative acts adopted during the 7th legislature and considered to have furthered the single market include a revised Professional Qualifications Directive (modernises the existing directive); establishing the European Classification of Skills/Competences, Qualifications and Occupations, ESCO (identifies and categorises skills, competences, qualifications and occupations relevant for the EU labour market and education and training); Directive on improving the acquisition and preservation of supplementary pension rights for mobile workers (establishes minimum standards for the protection of mobile workers' supplementary pension rights); the Posting of Workers Enforcement Directive (improves the application of the Posting of Workers' Directive); the Directive to Improve Enforcement of Workers Rights (aims to improve awareness and enforcement of mobile workers' rights); and a Decision on enhanced co-operation between public employment services (improves cooperation between Member States' public employment services).

Key proposals for legislation put forward that are likely to further the single market concern a Regulation on EURES (would enhance provision of intra-EU labour mobility support services); and a Roadmap for a Partial Revision of Regulations Nos. 883/2004 and 987/2009 (would improve coordination of social security schemes, in particular for cross-border workers).

Achievements relevant for consumer protection & empowerment

No specific achievements relating to consumer protection and empowerment were identified under flagship initiative 6.

Impacts on economic growth

An increase in labour mobility is likely to be positive for economic growth in the EU. One study identified favourable effects that labour mobility could have on countering asymmetrical economic shocks and reducing labour market disparities. Another has estimated that migration within the EU27/EFTA has already led to a reduction in unemployment by up to 6% over the period 2001-2010. It has also been estimated that EUR 1.3 billion was saved by the Spanish government in 2011 alone as the result of avoided expenditure on unemployment benefits for workers who had emigrated to another EU country.

Population flows resulting from the expansion of the EU in 2004 and 2007 could also have contributed to growth: it has been estimated that the long-term effect of the immigration of four million people from the countries that acceded to the EU in 2004 excluding Cyprus and Malta ('the EU8') could be a 0.6% increase in the enlarged EU's GDP. Other studies estimate the impact of intra-EU mobility between 2004 and 2007 on GDP to be around 0.2% or 0.27% increase in the long run. It should be noted, however, that these economic gains are not distributed equally throughout the Union: while the GDP of receiving countries may rise, the sending countries may suffer from a drop in overall wealth. A further issue is the potential role that migration from the EU8 and Bulgaria and Romania could play in increasing unemployment and depressing wages in the EU15. However, several studies suggest that these effects would be minimal or non-existent, while overall employment and wage/income trends throughout the EU could be positively affected by migration flows.

Flagship initiative 7: European platform against poverty

Achievements relevant for the single market

Under flagship initiative 7, past and potential future achievements relevant to the single market relate to social enterprise, public procurement, retail banking services and disclosure of non-financial and diversity information by businesses.

Key legislative acts adopted during the 7th legislature and considered to have furthered the single market include the Regulation on European Social Entrepreneurship Funds (sets out a new 'European Social Entrepreneurship Fund' label and is part of the Social Business Initiative), the Public Procurement Directives (include provisions to boost social inclusion, which is part of the Social Business Initiative) and the Payment Accounts Directive (ensures access to payment accounts, as well as facilitating payment account switching and comparability of payment account fees).

A key proposal for legislation put forward that is likely to further the single market concerns a Council Regulation on the Statute for a European Foundation (would create a single European legal form for foundations and is part of the Social Business Initiative).

Achievements relevant for consumer protection & empowerment

Key legislative acts adopted during the 7th legislature and considered to have improved consumer protection and empowerment include the Payment Accounts Directive (ensures access to payment accounts, as well as facilitating payment account switching and comparability of payment account fees); and the Directive on Disclosure of Non-Financial and Diversity Information by Businesses (improves the transparency of certain large companies on social and environmental matters).

Impact on economic growth

Actions relevant for the Single Market and consumer protection/empowerment taken as part of the flagship initiative 'European platform against poverty' could also have positive effects on the European economy. For example, an impact assessment conducted by the Commission on the proposal for a Council Regulation on the Statute for a European Foundation claims that this could potentially create 15,000 new jobs, as well as 15,000 volunteer positions. The impact assessment on the proposal for a Regulation on a European Social Entrepreneurship Fund also foresees positive economic effects, predicting that this would lead to higher investment flows to social business. This, in turn, could potentially benefit the wider economy.

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ANNEX 3 – ORGANISATIONS CONSULTED

Table 47: Organisations of interviewees consulted throughout the study

Date of interview	Organisation
22 July 2014	Bureau of European Policy Advisers (BEPA), European Commission
23 July 2014	DG Education and Culture, European Commission
23 July 2014	DG Enterprise and Industry, European Commission
24 July 2014	European Trade Union Confederation (ETUC)
24 July 2014	DG Enterprise and Industry, European Commission
24 July 2014	DG Employment, Social Affairs and Inclusion, European Commission
25 July 2014	DG Communications Networks, Content and Technology, European Commission
28 July 2014	DG Energy, European Commission
29 July 2014	Bureau Européen des Unions de Consommateurs (BEUC)
29 July 2014	DG Internal Market and Services, European Commission
30 July 2014	Union Européenne de l'Artisanat et des Petites et Moyennes Entreprises (UEAPME)
31 July 2014	EuroCommerce
31 July 2014	DG Secretariat-General, European Commission
1 August 2014	DG Employment, Social Affairs and Inclusion, European Commission
1 August 2014	DG Energy, European Commission
1 August 2014	DG Justice, European Commission
12 August 2014	European Policy Centre
12 August 2014	Durham University
13 August 2014	Institut der deutschen Wirtschaft Köln
15 August 2014	University of Minho
21 August 2014	OECD
21 August 2014	DG Research and Innovation, European Commission
15 September 2014	DG Health and Consumers, European Commission
16 September 2014	DG Internal Market and Services, European Commission

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