

Commissioner McCreevy

**The future
of the Single Market**

**Keynote Speech at
'Wolfsberg' conference,**

Thun, 10 September 2007

Tsar 1513

STEERING BRIEF

You are invited by to give a keynote speech on the "Future of the Single Market" in the "Wolfsberg Distinguished Speakers" series.

Wolfsberg is organised by USB (Union des Banques Suisses). According to its self-presentation, it is a platform for its executive and business development. It also plays the role as meeting point for VIPs from all over the world who come as speakers and participants in public and private discussions on political, economical and cultural themes.

The audience is expected to come from a broad background: industry, services, finance, academics, legal affairs, ...

Location: Congress Hotel Seepark in Thun (CH).

Tom Diderich

MARKT B.1, 28 August 2007

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Ladies and gentlemen,

It is a great pleasure for me to attend today's Wolfsberg conference to discuss the future of the EU Single Market. In particular, I would like to talk about how we can develop and shape the European single market to meet the challenges of a rapidly changing world.

The single market – one of the main pillars and "*raison d'être*" of the EU – is now home to 500 million citizens and over 20 million businesses. It stands for the "free movement" of goods, services, people and capital, and is now the world's largest marketplace and the largest exporter of goods and services.

Since 1992, when it was put in place, the Single Market has permanently raised Europe's output by over 2 per cent. It has also created nearly 3 million additional jobs. It has enabled companies to benefit from

significant economies of scale and it has made it easier and less costly for people to do business across the EU.

The liberalisation of network industries has reduced input costs. And we have overcome the technical barriers to trade for most of the products used in daily life. New possibilities for people to study, work and live abroad have been opened up - over 1.2 million young people, for example, have studied in another Member State thanks to the Erasmus programme.

This is just a snapshot of some of what the Single Market has achieved so far – and we can say without fear of contradiction that it is a resounding success.

The issue now facing us is how to remain competitive - and how we can best deliver new jobs and growth over the long term. This challenge is being addressed in the Single Market Review. The entire Commission has been focused on this review, to deliver long term policies and tangible benefits for Europe's citizens. And as Commissioner responsible for the Internal Market and Services, I, of course, am particularly determined that this will be delivered.

Europe has changed dramatically since 1992.

* Our economy has changed from a mass manufacturing base to a knowledge and service base.

* Enlargement has changed the very nature of the Single Market – making it more diverse in terms of culture, language and administration.

* And the scope of the marketplace itself has changed from national to European and from European to global.

Darwin's famous saying - that it is not the strongest, nor the most intelligent who survive, but those who adapt best to change - comes to mind.

The Single Market is, of course, a living thing which requires constant adaptation and renewal. Over the past few years, we have floated a number of successful initiatives - some of which are so recent, they still have to produce their effects.

* The Financial Services Action Plan, for example, which aims to open up the financial services markets.

* The Services Directive, which is now being transposed into national legislation.

*And the new rules for Public Procurement, to name but a few.

[1] In the Single Market review, the Commission will analyse what has worked well and what has not, and where there is more to do. Finally, we will set out our new initiatives for the single market and our approach to internal market policy.

Is this going to result in a new raft of legislation? The short answer is only when absolutely necessary. My view is one of – 'Less is More'.

Instead of working top-down, we need to work from the bottom up. We must identify the greatest areas of potential, where a little action can produce enormous benefit. To achieve this and to remove obstacles which stand in the way, we must improve our understanding of the way individual markets work - the triggers for business and consumer behaviour.

The new measures we are considering go beyond my own portfolio. The Single Market embraces policy areas as diverse as energy, information technology, consumer protection, health, research and development - to name but a few.

Among the areas that are my responsibility - we have established that while some markets for payments and retail banking or insurance work reasonably well - others don't. So this is a priority which will be addressed in the Review.

It might be useful to give you a couple of examples where we are examining why expected benefits have not been realised.

* Take e-procurement, which allows businesses to submit their offers through an online system. We have to ensure that Member States' authorities do not, unintentionally, create purely national markets for e-procurement by adopting differing technologies and security standards.

* On the Services Directive, we must ensure that all Member States can exchange information when they need to do so - in order to meet their commitments and enable new providers to enter services markets.

In concentrating on areas which have the most potential for benefits, I don't mean that we will only look at "big industries". The single market, despite its name, is not a homogenous area. In the field of services, particularly, it often remains a national, if not local market. You don't meet many people on the flight from Dublin to Brussels who are en route to have a hair cut.

Nevertheless, single market policy becomes relevant when it comes to tackling what is little more than the protection of often centuries-old vested interests. Local cross-border "challengers" - who claim a right to freely choose their place of establishment - may call long-standing regulations into question. Once put under the scrutiny of internal market principles by the Commission, or, if need be, the ECJ, these regulations

often fail the litmus test, and have to go. So the application of single market legislation contributes to modernising national markets and offering opportunities to newcomers or to niche-services - even if in the end, the trans-border element remains limited.

[II] Apart from filling the gaps, the **management of the single market** will shift the focus of our attention.

A **new governance** of the single market will have to be defined. This primarily means strengthening the ownership of the single market - for both the EU-institutions and the Member States. In a Union of 27 – and in a larger, much more diverse Europe - we cannot continue to operate the single market centrally from Brussels. While it once might have seemed possible, it is now clear that "Brussels" alone cannot deliver this project. The Union should act where it will have maximum impact, but the core responsibility for making the Single Market work will be shared with our Member States.

To make this work, we need partnership with the Member States at all levels: when making policy, when implementing and applying the rules on the ground, and when developing effective means of redress and problem-solving for citizens who cannot exercise their single market rights.

In many areas joint networks already exist – there are networks of consumer protection, competition and customs authorities. The same is the case for single market policy. We will build on our extensive experience gathered in cooperation amongst financial supervisors. For the last 2 years, together with our national colleagues, we have been building a network of national administrations who will apply the Services Directive. For the first time, the competent authorities of two Member States will be able to directly communicate with each other (through a multilingual on-line tool) in order to validate requirements for would-be cross-border service-providers.

All this will help build a more modern single market – a single market that is jointly managed by the Community and the Member States. It will be more decentralised and network-based. And based on a common sense of ownership.

[III.] I mentioned already that markets have gradually shifted from national, to European, to global. I would now like to address the **international dimension of the single market** – even if that might sound like a contradiction.

Given the shift to globalisation, it is clear that we need to re-position the single market. The focus needs to change from removing internal borders, to becoming on the one hand a springboard for European

companies in the world, and making Europe an attractive place in which to invest on the other. The Commission is committed to maximising Europe's global influence and building strong ties with our partners.

So as well as broadening and deepening our dialogues with the United States and Japan, we are holding summits with China, India, Russia and Brazil. The aim of these global dialogues has many facets.

In essence we need to learn more about our partners, to advocate our values and standards, to resolve issues of bilateral interest and to create new commercial opportunities for Europe's businesses.

The promotion of our standards and regulatory dialogues deserves a few words of expansion:

Many citizens may perceive the single market as a Trojan horse for globalisation, rather than a buffer to its effects. Herein lies the opportunity to demonstrate that Europe is indeed an important player on the world stage. If, for instance, the EU adopts new environmental standards for cars, all manufacturers world-wide need to meet them, so there is a good chance the EU standards will become global standards.

As for the regulatory dialogues, experience in the area of financial services has shown us the way to ensure that regulatory catch-22-

situations, like those we faced when implementing the Sarbanes-Oxley Act, will be a thing of the past.

In conclusion, the issue at stake is a successful adaptation to changing global parameters. The Commission's answer to this challenge is a root-and-branch review of the single market, to ensure that our policies continue to deliver for our citizens and our businesses. And that our single market policy will continue to be the great success story it has been so far.

Thank you for your attention and I look forward to our discussion.

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