

## BACKGROUND NOTE FOR THE XLVII COSAC MEETING

22-24 April 2012, Copenhagen, Denmark

Prepared by the COSAC Secretariat

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### State of play for the 12 key actions of the Single Market Act

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#### Introduction

To prepare a political debate at the COSAC meeting of 22-24 April 2012 in Copenhagen on how to reinvigorate the Single Market, the Danish Presidency has asked the COSAC Secretariat to draft a background note. The note is intended to give a brief summary of the progress on the 12 key actions in the Single Market Act. Below you will find short descriptions of proposals made by the Commission under each key area and a table outlining the state of play in relation to the legislative process.<sup>1</sup>

#### Key Action 1 – Access to funding for SMEs

The Commission's legislative proposal within this key area, published in December 2011, to **create a European Single Market for venture capital** aims to stimulate greater investment into this type of fund throughout Europe. Venture capital funds are known to be more likely to invest in SMEs and the proposal aims to encourage such investment which would in turn increase competitiveness in Europe. The proposal also aims to ensure that SMEs can more easily access such funding at a time when other sources of finance have increased in cost and decreased in availability. The proposal wants to overcome problems with the current arrangements and ensure that in the future European venture capital funds can raise capital and invest freely throughout the EU.

The proposed new framework would include: uniform requirements for the managers of “European Venture Capital Funds (EVCF)”;<sup>2</sup> requirements relating to the investment portfolio and investment techniques used; requirements on the eligibility of the targets of a qualifying venture capital fund; uniform rules on which categories of investors and on the internal organisation of the managers that market these funds; uniform requirements for registration; and the creation of an EU-wide “passport” for fund managers. The Commission, with Member States, will also look for solutions to tax inequalities which may hinder cross-border investment by venture capital funds.

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<sup>1</sup> Information from the Single Market Act - COM (2011) 206, Commission Staff Working Paper on delivering the Single Market: State of Play SWD (2012) 21 ([http://ec.europa.eu/internal\\_market/strategy/docs/20120216-implementation-report\\_en.pdf](http://ec.europa.eu/internal_market/strategy/docs/20120216-implementation-report_en.pdf)) and each of the legislative proposals mentioned within the tables.

<sup>2</sup> 70% of funds must be invested in SMEs in order to qualify as EVCF (i.e. aggregate capital contributions + uncalled committed capital to investments in SMEs).

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council <sup>3</sup>
			Committee	Plenary	Reasoned opinion <sup>4</sup>	Contribution <sup>5</sup>	
Legislation facilitating access to venture-capital for SMEs across Europe	COM (2011) 860 7/12/11	ECON - Philippe LAMBERTS (EG - EFA, BE)	30/05/12 (forecast)	03/07/12 (forecast)		PT	Endorsed overall objectives in Feb 2012. Want to reach agreement with EP in May 2012.

### Key Action 2 – Mobility for Citizens

In December 2011, under this key area the Commission brought forward the proposal to revise the Directive on the **recognition of professional qualifications** which aims to bring up to date the system currently in place for a range of professions across the EU. The Commission has proposed the introduction of an electronic “European Professional Card” to simplify and speed up the current process of recognition. The Commission hopes to see this Directive stimulate increased mobility of professionals between Member States to meet regional skill shortages. The Directive also recognises the need to protect consumers and to this end has proposed an alert mechanism to identify health professionals guilty of malpractice, address concerns over language skills and update the minimum training requirements. The opportunity to extend automatic recognition to new professions will also be included in the proposal. The scope of the “Points of Single Contact” will be extended to simplify access to information on recognition of qualifications. A systematic screening and mutual evaluation exercise for all regulated professions in Member States was also proposed.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	RO	Contribution	
Modernising the legislation on recognition of professional qualifications	COM (2011) 883 19/12/11	IMCO - Bernadette VERGNAUD (S&D, FR)	Discussions to start in March 2012	14/01/2013 (forecast) <sup>6</sup>	FR <i>Sénat</i>	DE <i>Bundesrat</i> , LU, PT	Political debate to begin in May 2012 Competitiveness Council

### Key Action 3 – Intellectual property rights

In the context of seeking to improve the conditions for business and to foster growth and innovation in the Single Market, the legislative proposals under key action 3 aim to establish **unitary patent protection and a unified patent litigation system** wherever possible in the EU with the aim of issuing the first EU patent by 2013. The Commission, in the proposals brought forward in April 2011, identified the need to increase SMEs' access to patent protection, to increase the scope of patent validation and to ensure greater dissemination of knowledge of the system. In order to achieve this, it believes that the cost of patent protection in Europe must be decreased. The proposal to bring about improvement to patent protection will be twinned with a proposal on the necessary accompanying translation

<sup>3</sup> Information from SWD (2012) 21, European Council Conclusions (<http://www.european-council.europa.eu/council-meetings/conclusions>) and Feb 2012 Competitiveness Council Conclusions ([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/intm/128106.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/128106.pdf)).

<sup>4</sup> Information on Reasoned Opinions gathered from the IPEX database, more information through <http://www.ipex.eu/IPEXL-WEB/search.do>

<sup>5</sup> This information has been collated using information posted on the IPEX website, information circulated by national Parliament representatives, and the EP intranet.

<sup>6</sup> EP resolution of 15 November 2011 on implementation of the Professional Qualifications Directive is relevant to the dossier. <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2011-0490&language=EN>

arrangements. The Commission believes that these proposals significantly cut the administrative burden and the cost of patent protection in a large area of the EU. As it has not been possible to reach political agreement in the Council on an EU patent to cover all 27 Member States, **enhanced cooperation** has been used to achieve the aims of the proposals in the 25 Member States that wanted to participate.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	Reasoned opinions	Contribution	
Legislation establishing a unitary patent in the EU	COM (2011) 215 13/4/11	JURI - Bernhard RAPKAY (S&D, DE)	11/01/2012 A7 - 0001/2012		ES, IT <i>Camera dei Deputati</i>	PT	Political agreement was reached in June 2011 and on texts in December 2011 but issues remain over UPC. March 2012 European Council called for resolution by June 2012
	COM (2011) 216 13/4/11	JURI - Raffaele BALDASSARRE (EPP, IT)	09/01/2012 A7 - 0002/2012		ES, IT <i>Camera dei Deputati</i>	PT	Political agreement was reached in June 2011 and on texts in December 2011 but issues remain over UPC. March 2012 European Council called for resolution by June 2012

#### Key Action 4 – Alternative dispute resolution

Under this key area the European Commission in November 2011 proposed two related legislative proposals with the aim of creating a **simple, affordable and fast out-of-court settlement procedure for consumers purchasing goods across borders**, including those using the internet to do so. The Directive on alternative dispute resolution (ADR) for consumer disputes aims to enable disputes between consumers and businesses to be settled out-of-court through ADR entities throughout the Single Market. The proposal calls for compliance with "binding quality principles" for ADR entities in all Member States which will be monitored by national authorities. The Regulation about online dispute resolution (ODR) will establish a single online point for resolving contractual disputes related to online shopping. Together these proposals are designed to improve the confidence of consumers to shop across borders by giving adequate avenues for redress when problems occur.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Cttee	Plenary	Reasoned opinions	Contribution	
Legislation on alternative dispute resolution	COM (2011) 793 29/11/11	IMCO - Luis GRECH (S&D, MT)		03/07/2012 (forecast)	DE <i>Bundesrat, NL Eerste Kamer</i>	PT, BG	Danish Presidency hopes to achieve an agreement with the EP by Summer 2012
	COM (2011) 794 29/11/11	IMCO - Róża THUN (EPP, PL)		03/07/2012 (forecast)	NL <i>Eerste Kamer</i>	DE <i>Bundesrat</i> , PT	Danish Presidency hopes to achieve an agreement with the EP by Summer 2012

## Key Action 5 – Services

In this key area the Commission in June 2011 proposed a revision of the current legislation on a European **standardisation system** with the aim of making procedures more effective, efficient, timely and inclusive. The proposal aims to achieve this through increasing transparency in communication between national bodies, reducing the administrative burden imposed, improving planning of priorities for European standardisation and the mandates required, and by including stakeholders more in the standard-setting process. It also foresees the extension of the standard setting process to the services sector with the aim of reducing the risk of fragmentation of the sector. Such improvements in processes are important for the promotion of interoperability, particularly in the field of ICT. The proposal will therefore also allow for the recognition of some ICT specifications developed outside national, European or international organisations.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	RO	Contributions	
Revision of legislation on a European standards system	COM (2011) 315 1/6/11	IMCO - Laura COMI (EPP, IT)	20/03/2012 (forecast)	22/05/2012 (forecast)		IT <i>Senato della Repubblica</i> , PT	Danish Presidency hopes to reach a first reading agreement with the EP by Summer 2012

## Key Action 6 – Networks

The Connecting Europe Facility (CEF) package of legislation proposed by the Commission under this key action, has a proposed budget of €50 billion and the overall aim of **closing infrastructure gaps to overcome barriers within the Single Market**. The Regulation on CEF sets provisions for the governance of the CEF and sets out new guidelines for each sector in line with Article 170 TFEU. More specifically, the legislative proposals aim to identify and roll out European energy, transport and telecommunications network projects that will help to meet the overall aim to improve European competitiveness through a better functioning Single Market. As part of this key area, the Commission has recently put forward two additional proposals on energy and transportation - a Regulation establishing guidelines for the timely development and interoperability of trans-European energy infrastructure<sup>7</sup> and a proposal to complete and fully integrate the Trans-European Transport Network (TEN-T).<sup>8</sup> These proposals will be supported by €9.1 billion and €31.7 billion of CEF funding respectively. The Regulation on energy guidelines aims to ensure full integration of a secure EU energy Market so that no Member State is isolated from the European network and to help Member States reach the 20-20-20 climate and energy targets by streamlining permit granting procedures, facilitating the regulatory treatment of common interest projects and helping projects find adequate (public and private) funding. The transport Regulation will aim to bridge missing links, overcome bottlenecks and improve multi-modal connections and interoperability within the TEN-T network in the core network by 2030 and in the comprehensive network by 2050.

<sup>7</sup> COM (2011) 658

<sup>8</sup> COM (2011) 650

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Cttee	Plenary	Reasnd opinion	Contribution	
Energy and transport infrastructure legislation	COM (2011) 665 CEF 16/1/12	TRAN - Dominique RIQUET (EPP, FR) Inés AYALA SENDER (S&D, ES)				CZ <i>Senát</i> , DE <i>Bundesrat</i> , FR <i>Sénat</i> , IT <i>Senato della Repubblica</i> , PT, RO <i>Camera Deputaților</i>	
	COM (2011) 650 (transport) 19/10/11	TRAN - Georgios KOUMOUTSAKOS (EPP, GR) Ismail ERTUG (S&D, DE)	Due to start shortly		FR <i>Sénat</i>	CZ <i>Senát</i> , CZ <i>Poslanecká sněmovna</i> , DE <i>Bundestag</i> , DE <i>Bundesrat</i> , IE, IT <i>Senato della Repubblica</i> , PT, RO <i>Camera Deputaților</i>	General approach under the Danish Presidency
	COM (2011) 657 (telecom) 19/10/11	ITRE - Evžen TOŠENOVSKÝ (ECR, CZ)	05/11/2012 (forecast)			CZ <i>Senát</i> , FR <i>Sénat</i> , IT <i>Senato della Repubblica</i> , PT, RO <i>Camera Deputaților</i>	
	COM (2011) 658 (energy) 19/10/11	ITRE - António Fernando CORREIA DE CAMPOS (S&D, PT)				CZ <i>Senát</i> , FR <i>Sénat</i> , IT <i>Senato della Repubblica</i> , PT, RO <i>Camera Deputaților</i>	Adoption by end of 2012 possible

### Key Action 7 – Digital Single Market

Under this key action the Commission will present, in the second quarter of 2012 as called for by the European Council,<sup>9</sup> a proposal with the objective of ensuring that electronic identification, authentication and e-signatures are recognised and can be used throughout the EU. The aim of the proposal is to **foster greater confidence in the use of electronic identification and to avoid barriers in the Single Market**. The Commission hopes that this proposal will eradicate interoperability related problems through the creation of a legal framework to ensure use across borders and it will set up a regulatory framework for ancillary services (such as time/stamping and e-seals).

### Key Action 8 – Social entrepreneurship

In December 2011, the Commission proposed legislation that aims to support the emerging social business sector<sup>10</sup> by enabling investors to more easily find and invest in such businesses that are currently funded mostly by grants (from trusts, individuals or the public sector). The proposal will establish a European framework for social investment funds - "European Social Entrepreneurship Funds" - in order to encourage a greater diversity in funding of this kind of business. The proposal aims to break down barriers to fundraising across the EU through the use of a "European passport", to increase transparency of the social impact of funds for investors, to reduce the complexity of differing rules set by Member States, and to provide new opportunities for investors across borders.

Key action	Proposals + date adopted	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	RO	Contribution	

<sup>9</sup> See Statement of the Members of the European Council of 30 January 2012.

<sup>10</sup> Companies that have chosen to pursue objectives of more general interest and/or be more socially, ethically or environmentally responsible and not just the legitimate quest for financial gain. They are almost exclusively SMEs.

	by Commission						
Legislation creating a European framework for social investment funds	COM (2011) 862 7/12/11	ECON - Sophie AUCONIE (EPP, FR)	30/05/2012 (forecast)	03/07/2012 (most possible in September 2012)		PT	Orientation debate held at Feb Council. Danish Presidency hopes for agreement with EP in May 2012

### Key Action 9 – Taxation

The proposal under this key area, published in April 2011, is in the form of an amendment to the Directive on energy taxation and it aims to **change the way that energy products are taxed** to ensure consistent treatment of different sources of energy and to better take account of the energy content of products and their respective CO<sub>2</sub> emissions levels. The aim of the new tax system is to ensure competitiveness and to help meet the climate and energy targets adopted by the EU. The Commission wants to draw a distinction between CO<sub>2</sub> emissions and energy content for tax purposes. The CO<sub>2</sub> emissions part will revise minimum tax levels based on emissions levels and extend the remit to cover all sectors not in the EU emissions trading scheme and the part based on the energy content will apply to all transport and heating fuels. Member States would be able to set tax rates above minimum levels specified by the EU.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	Reasoned opinions	Contributions	
Legislation to amend the directive on energy taxation	COM (2011) 169 13/4/11	ECON - Astrid LULLING (EPP, LU)	29/02/2012 (forecast)	17/04/2012 (forecast)	BG, ES	CZ <i>Senát</i> , FR <i>Sénat</i> , IT <i>Senato della Repubblica</i> , LU, PL <i>Sejm</i> , PT, RO <i>Camera Deputaţilor</i> , UK <i>House of Lords</i> ,	Danish Presidency aims to reach political agreement at June 2012 ECOFIN

### Key Action 10 – Social cohesion

Under key area 10, on 21 March 2012, the Commission published two legislative proposals **to improve social cohesion in the Single Market in the form of improvements to the posted workers Directive** (through an Enforcement Directive) and the Regulation on the exercise of the right to take collective action in the context of the freedom to establish and provide services. The aim of the Enforcement Directive is to ensure more consistent transposition, implementation and enforcement of the directive throughout the Single Market. Whereas the collective action Regulation will aim to clarify the extent to which trade unions may use the right to strike in cross-border cases (taking into account ECJ jurisprudence).

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	Reasoned opinions	Contributions	
Social Cohesion	COM (2012) 130 21/3/12				8 week deadline - 22/05/12		
	COM (2012) 131 21/3/12	EMPL - Danuta JAZŁOWIECKA (EPP, PO)			8 week deadline - 22/05/12		

### Key Action 11 – Business environment

In October 2011, the Commission made a legislative proposal to **simplify two Directives on accounting** with the aim of reducing the administrative burden on SMEs both at European and national levels. It is hoped that the simplification will make the preparation of financial statements easier and will make disclosure requirements for medium and large companies more gradual. The proposal aims to make company financial information more transparent and more easily comparable throughout the EU for interested outside parties. Alongside these changes, the Commission has proposed an increase in the size thresholds categories to ensure more companies qualify as SMEs.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	RO	Contribution	
Simplification of the accounting directives	COM (2011) 684 25/10/11	JURI - Klaus-Heiner LEHNE (EPP, DE)	10/07/2012 (forecast)	10/09/2012 (forecast)		PT	Danish Presidency aims to reach a first reading agreement with the EP by end of June 2012

### Key Action 12 – Public procurement

Public procurement is a key market-based instrument that can be used to reach the aims, highlighted by the Europe 2020 Strategy, of improving business conditions in the Single Market and encouraging greener procurement practices. The Commission proposal (published in December 2012) under key action 12 is to modernise and simplify the current public procurement Directives and to increase the efficiency of public spending on procurement. The revisions aim to further increase competition and allow for full transparency in the system. The proposals include action to reduce the administrative burden of procedures by further developing e-procurement processes, to allow authorities to better take into account environmental and social considerations and to introduce more flexible procedures that encourage more innovation in public procurement procedures. It is hoped that changes will also improve access for SMEs to public contracts by scrapping disproportionate provisions on financial standing of bidding rules and allow contracting authorities to make better use of public procurement in support of common goals such as greater energy efficiency and promoting social inclusion.

Key action	Proposals + date adopted by Commission	EP Committee + Rapporteur	EP Adoption		National Parliaments		Council
			Committee	Plenary	Reasoned Opinions	Contribution	
Revision of the legislative framework for public procurement	COM (2011) 895 20/12/11	IMCO - Marc TARABELLA (S&D, BE)	10/10/12 (forecast)	10/12/12 (forecast)	SE, UK <i>House of Commons</i>	PT	Danish Presidency hopes to reach an agreement on main principles in Council in May 2012 and hope to reach an agreement with the EP by the end of 2012

	COM (2011) 896 20/12/11	IMCO - Marc TARABELLA (S&D, BE)	10/10/12 (forecast)	10/12/12 (forecast)	SE, UK <i>House of Commons</i>	BE <i>Chambre des représentant,</i> DK, PT	Danish Presidency hopes to reach an agreement on main principles in Council in May 2012 and hope to reach an agreement with the EP by the end of 2012
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13 April 2012