

Opinion of the Committee of the Regions on the Single market, social vision and services of general interest

(2009/C 120/02)

THE COMMITTEE OF THE REGIONS

- shares the Commission's view that the single market must strengthen the position of consumers and SMEs, turn globalisation into a concept which Europe can put to good effect, remove barriers to the promotion of knowledge and innovation, facilitate economic growth to generate jobs and make Europe competitive in line with the Lisbon objectives, and incorporate a strong social and environmental dimension
- expresses regret at the fact that the views set out in the communication are of a general nature. At some time in the future, the Commission will therefore have to present for detailed scrutiny — above all with regard to the subsidiarity principle — concrete proposals designed to achieve the goals set out in the communication under review
- is convinced that the single market can only operate effectively if businesses are competitive and if it produces real social benefits for Europe's citizens; therefore considers it essential to go further along the path opened up by the services directive — which seeks to further develop the freedom of establishment and freedom to provide services — and thereby increase real competition and improve the functioning of the single market

Rapporteur: Dr Schneider (DE/EPP), Secretary of State, Sachsen-Anhalt representative to the Federal Government

Reference documents

Communication from the Commission — A single market for 21st century Europe

COM(2007) 724 final

Communication from the Commission — Accompanying the Communication on 'A single market for 21st century Europe' — Services of general interest, including social services of general interest: a new European commitment

COM(2007) 725 final

Communication from the Commission — Opportunities, access and solidarity: towards a new social vision for 21st century Europe

COM(2007) 726 final

General observations

The Committee of the Regions would draw attention to its outlook opinion of 23 March 2007 on this issue entitled *The future of the single market and stocktaking of European society*, which contains key recommendations for the further development of the single market.

Background

The European single market plays a key role in the globalised economy and in the context of the Lisbon strategy, since it promotes the competitiveness of the EU economy, thereby stimulating growth and employment. At the same time, the single market enhances the quality of life and increases the prosperity of EU citizens. The single market consequently represents one of the EU's greatest achievements to date.

Against this background, the CoR welcomes the package of measures submitted by the European Commission setting out its views on the further development and future shape of the European single market with a view to triggering a debate on these ideas. This represents an important step towards ensuring that, in the future, too, we will be in a position to meet the growing challenges posed by globalisation.

Communication on a single market for 21st century Europe

THE COMMITTEE OF THE REGIONS

1. shares the Commission's view that the single market must strengthen the position of consumers and SMEs, turn globalisation into a concept which Europe can put to good effect, remove barriers to the promotion of knowledge and innovation, facilitate economic growth to generate jobs and make Europe competitive in line with the Lisbon objectives, and incorporate a strong social and environmental dimension;

2. expresses regret at the fact that the views set out in the communication are of a general nature. At some time in the future, the Commission will therefore have to present for detailed scrutiny — above all with regard to the subsidiarity principle — concrete proposals designed to achieve the goals set out in the communication under review;

3. underlines, that the principle of subsidiarity is an essential element of the European Union's political and legal order, stresses also, however that many of the challenges facing the EU today are of a global nature (globalisation, the need for social protection, the influence of global financial markets, climate change etc.) therefore in areas where it is not possible to deal with problems at local, regional or national level, common solutions based on common principles are required;

4. is convinced that the single market can only operate effectively if businesses are competitive and if it produces real social benefits for Europe's citizens; therefore considers it essential to go further along the path opened up by the services directive — which seeks to further develop the freedom of establishment and freedom to provide services — and thereby increase real competition and improve the functioning of the single market;

5. shares the Commission's view that there is a need to convince many consumers in the European single market that the benefits which the single market provides work to their advantage in their daily lives. Support for the EU will increase only when people personally experience the benefits which it offers them;

6. urges the Member States to communicate, in a more focused way, the links between the single market, on the one hand, and consumer protection, the expansion of employment, economic growth and price stability, on the other hand. Local and regional authorities can play a more prominent role in this context;

7. would therefore repeat its recommendation, made in its opinion on *The future of the single market and stocktaking of European society*, that the European Commission, the Member States and local and regional authorities should, in order to allay the concerns of citizens and businesses, better communicate how to manage economic and social adjustment that results from globalisation and increased competition;

8. welcomes the Commission's intention to pay particular attention to the needs of SMEs, which create economic growth and new and varied employment, in the context of the further development of the single market. For this reason, more should be done to facilitate access for SMEs to the single market to enable them to grow more effectively and to exploit their entrepreneurial potential to a greater degree. In particular, clusters and hubs are an excellent method for SMEs, at local, regional, national, and increasingly even trans-national, levels, to expand their base, contacts, market opportunities, profits and consequent job creation;

9. would therefore again point out that the European Commission and the Member States should consult local and regional authorities, business associations and the social partners to discuss which bureaucratic barriers can be dismantled in the interests of businesses, and SMEs in particular, which suffer the most from bureaucratic inhibitors still existent in the Single Market. In doing so, the correlation between cutting red tape for SMEs and imposing additional burdens on local and regional authorities should be taken into account;

10. thus supports the European Commission in both its initiatives to back SMEs. Various measures are to be introduced to support SMEs as part of dedicated provisions under the '*think small first*' principle. The CoR also welcomes the Commission's proposal for a European Private Company statute to facilitate cross-border SME activities. The simplified company law structures that are in the pipeline are a good way of boosting the competitiveness of European businesses. Simple, unbureaucratic and effective rules provide a direct conduit to a balanced competitive environment and to economic stability. Successful measures in this field have a direct and positive economic impact. The costs of legal and business start-up advice could be cut. In all these considerations, however, it is essential to ensure that European-level measures are also consistent with the structures in place under national company law and, that existing social standards are preserved;

11. welcomes the Commission's observations on the benefits of globalisation but points out that these benefits will only be felt to the degree to which the Commission refers if European standards are really accepted by the other players on the world market. Otherwise the different standards laid down in the EU may even reduce the competitiveness of the European economy;

12. would stress in this context that the EU needs a new strategy on globalisation based not only on competitiveness but also on the pillars of sustainable economic development, full employment, social cohesion and sustainable use of natural resources. These aspects must feature in the impact assessments that are to be drawn up;

13. notes that, as a result of increased globalisation and the heightened competition from knowledge-based economies that goes with it, European businesses need to be even more innovative and creative if they are to stay competitive;

14. recognises in this connection that the European Council objective of raising research expenditure in the European Union to 3 % of GDP is a key element in the competitiveness and future sustainability of European industry;

15. would stress that education and training — and thus lifelong skills development — represent *the* major challenge facing the European Union, the Member States and the regions. Alongside competition, entrepreneurship, innovation and investment, these factors are a driving force of enhanced productivity. Thus, the capacity of the Member States, regions and local authorities to invest in human capital needs to be improved so that the concept of lifelong learning does in fact become a reality;

16. particularly recommends focusing more on cross-border cooperation on research, development and innovation as this area still offers considerable untapped potential;

17. recalls, therefore that it is important for management in both the private and public sector to create a climate which encourages workers to develop their skills further, the need to aim for the creation of high quality jobs;

18. shares the Commission's view that the protection of intellectual property is a key component of an effective single market. Effective protection of intellectual property not only promotes innovation and creativity, but also enhances competitiveness and creates jobs;

19. highlights, as does the Commission, the importance of the environmental and social dimension of the single market; believes that it is essential, in the light of climate change, to step up efforts to protect the environment. It would, however, draw attention to the need to find appropriate solutions to the cost attendant upon the sustainability strategy to avoid placing an undue burden on EU citizens and to enable companies which have already invested in very high environmental standards to compete in Europe. Relocation of European companies with high environmental standards from Europe to other parts of the world without such high standards would also make it more difficult to achieve global climate goals;

20. agrees with the Commission that workers' mobility is a key element in shaping the single market. The Member States draw up their labour market rules independently to suit their own requirements, but it is important to eliminate or dismantle obstacles to free movement which are not justified in terms of respect for fundamental rights and freedoms;

21. shares the Commission view that attitudes to mobility in the EU have changed as a result of the single market. Some workers find the necessary adjustments difficult and thus view the developing situation with concern. The Committee of the Regions therefore agrees with the Commission on the need to safeguard workers' rights and uphold them, particularly through the proper application of European labour law;

22. notes that economic, social and territorial cohesion in the European Union is a key pillar of integration. The future shape of cohesion policy is closely linked to EU growth and employment policy. Resources from the European Social Fund in particular have been and remain an important factor in helping workers and businesses undertake the modernisation needed in the working world, and in improving opportunities for integration into the labour market. In this way, the requirements of a globalised economic area can better be met;

23. welcomes the fact that, in its communication, the Commission repeatedly draws attention to the following elements: 'Better Regulation', impact assessment, evaluation and simplification in respect of legal provisions; and the need to reduce bureaucracy. Not just the Commission, the Council and the European Parliament, but also the Member States and the regions must make progress in these fields since better regulation benefits both people and businesses. This is the way to secure a higher level of satisfaction with European co-operation.

Accompanying document entitled 'Services of general interest, including social services of general interest; a new European commitment'

THE COMMITTEE OF THE REGIONS

24. deplores the fact that the Commission has dedicated nothing more than an accompanying document to the fundamental issue of services of general interest, which in no way meets the expectations that have emerged from consultations held by the Committee of the Regions⁽¹⁾ and the European Parliament⁽²⁾ on the SGI White Paper;

25. supports the Commission's view as regards the autonomous right of the Member States or regional and local authorities to decide for themselves as to the nature, scope, organisation and funding of these services;

26. agrees with the Commission that services of general interest are of considerable importance to public wellbeing, social integration, the safeguarding of social cohesion and higher employment;

27. highlights the fact that services of general economic interest, which are not subject to EU sectoral rules, are usually moulded by regional and local culture or practice and therefore require appropriate action at regional and local levels;

28. welcomes the new Article 14 of the Lisbon Treaty which creates a new legal basis for services of general economic interest (SGEI). This legal basis will make it possible for the Council and the European Parliament to establish, by means of regulations adopted under the ordinary legislative procedure, the principles and conditions that are needed — especially those of an economic and financial nature — to ensure the SGEI objectives are properly accomplished and to put an end to the legal insecurity which has been created by the case by case legislative (sector-based directives) and litigious approach adopted hitherto by the Commission. Therefore regrets that the Communication on SGI only makes a reference to Article 14 without illustrating the impact it will have;

29. is also pleased that the Lisbon Treaty includes a *Protocol on services of general interest*, which stresses the importance of services of this kind. This protocol recognises the diversity of general interest services and the primary competence of Member States to provide them. The Committee of the Regions highlights the protocol's express recognition of the wide discretion of regional and local authorities in commissioning and organising services and tailoring them to the needs of users;

30. despite differences between social services of general interest in Member States, feels that they constitute a key component of the European social model, and that in view of this a stable and transparent legal framework for the development of SSGIs is needed at Community level; such a framework must be wholly compatible with the subsidiarity principle, and in particular with the competences of local and regional authorities in defining the tasks of such services, and in managing and financing them;

31. notes that, in spite of requests from the Committee of the Regions⁽³⁾ and the European Parliament⁽⁴⁾ for a Commission legislative proposal to ensure genuine legal certainty for the provision of services of general interest, the proposals set out in the Communication on SGIs are confined to a series of answers to 'frequently asked questions'; helpful though these may be, they do not carry any legal force;

⁽¹⁾ Opinion on the White Paper of the European Commission on services of general interest (CdR 327/2004) — OJ C 164 of 5 July 2005.

⁽²⁾ Resolution of the European Parliament on the Commission White Paper on services of general interest (2006/2101(INI)), 27 September 2006.

⁽³⁾ Opinion of 6 December 2006 on the Commission's Communication 'Implementing the Community Lisbon programme: Social services of general interest in the European Union', COM(2006) 177 final (CdR 181/2006).

⁽⁴⁾ Resolution of the European Parliament of 14 March 2007 on social services of general interest in the European Union (2006/2134(INI)).

32. recognises that, in its accompanying document, the Commission endeavours to draw a clearer distinction between services of general economic interest and services of general non-economic interest. The Commission's observations are, however, expressed in such general terms that they do not always help to provide a definition, in line with the need for legal certainty in individual cases;

33. points out that there is no uniform 'European social model' and that it is therefore essential to respect and take account of the variety and differences with regard to the organisation of social services in the individual Member States. The discretion enjoyed by Member States when determining what they deem to be 'services of general economic interest' must not be curtailed by new binding EU legal instruments or by additional coordination processes. Likewise, the new Article 14 of the Lisbon Treaty must not be interpreted in such a way as to curtail Member States' decision-making power;

34. stresses that an extension of reporting obligations and additional bureaucracy and statistical requirements must be avoided;

35. notes that Community law has a wide and varied repercussions for national social benefit systems. In the past, Community law in areas of public procurement, competition and State aid also impacted strongly on the shape of local general interest service provision, without ensuring any real legal certainty for the providers or recipients of such services;

36. would in this regard cite one example drawn from European public procurement law, namely inter-municipal co-operation. Such cooperation offers tremendous potential to boost efficiency and thus benefit the public. It involves instruments of administrative cooperation, which are not, generally speaking, subject to public procurement rules. Instead, decisions in this area should be seen as domestic, organisational matters not covered by public procurement law and should be respected as such by the Commission;

37. would stress that European public procurement law is of key importance, particularly for regional and local authorities. In its interpretative communication on public procurement contracts below the set thresholds, however, the Commission demonstrates a regrettable lack of sensitivity to local and regional authority needs. In future discussions on this topic, it

is therefore necessary to find political solutions which guarantee legal certainty in the interests of regions and local authorities;

38. would ask the Commission, irrespective of the outcome of this process, to consider whether the requirements laid down in the interpretive communication might not be toned down or withdrawn completely.

Communication entitled 'Opportunities, access and solidarity: towards a new social vision for 21st century Europe'

THE COMMITTEE OF THE REGIONS

39. feels the growing importance of European social policy is reflected not least in the provisions of the Lisbon Reform Treaty, Article 2 of which defines new social objectives for the EU: 'It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child'. The Charter of Fundamental Rights, the obligation imposed by the 'cross-cutting social clause', and the protocol on services of general interest likewise create opportunities for a more social Europe. The Treaty also provides for 'enhanced cooperation', an option which Member States can encourage and use in the field of social policy ⁽⁵⁾;

40. shares the Commission's view that, in the light of the changing challenges facing us, prosperity in Europe can be promoted by improving opportunities, access and solidarity. The Commission rightly draws attention in this context to the following aspects: young people, careers, longer and healthier lives, gender equality, active inclusion and non-discrimination, mobility and successful integration, participation, culture and dialogue;

41. endorses the Commission's assessment that there is no suitable EU-wide uniform blueprint for securing equal opportunities — a key element of the vision for the 21st century — and that in many areas of social policy the plethora of political instruments and practices and the heterogeneous nature of national bodies are obstacles to harmonisation. Therefore takes issue with the view that the same or similar challenges automatically also represent common challenges leading to a common need to take action, particularly at EU level;

⁽⁵⁾ Articles 6, 5 (a) and 27 respectively.

42. agrees with the Commission that the requisite innovative economic and social policy solutions will have to be found primarily at local, regional and national levels; highlights the important role to be played in this context by (a) local and regional authorities, and (b) the social partners;

43. is adamant that action by the Commission must remain strictly within the confines of the powers vested in the Commission by the Treaties; these are limited essentially to back-up powers to enable the Commission to take action in support of the Member States;

44. recognises the key importance of education and skills acquisition for young people as a *sine qua non* of job creation, social integration and thus the success of the single market;

45. takes explicit exception to the view expressed in the Commission communication on the presumed existence of 'a European education and training system'⁽⁶⁾ and stresses that the EU is obliged to strictly respect the responsibility of the Member

States for determining the educational curricula, teaching content and organisation of their respective systems;

46. recognises — subject to the observance of the remits defined in the Treaties — that the EU can play a key role in the exchange of experience and best practice, in backing up the work carried out at local, regional and national levels and in promoting awareness;

47. welcomes, in the light of the objectives being pursued in this context, the exchange of experience and examples of best practice at European level, involving participation by local and regional authorities;

48. expresses its appreciation of the fact that, in view of the implementation problems experienced in many Member States, in the face of challenges, the Commission proposes that the existing legal framework relating to gender equality and combating discrimination be reviewed and adapted; does however, reject an extension of the relevant provisions to embrace additional fields.

Brussels, 12 February 2009.

The President
of the Committee of the Regions
Luc VAN DEN BRANDE

⁽⁶⁾ Translator's note.

In Chapter 2 of the communication, the German version refers to the quality and effectiveness of the European education and training system, whilst the English version refers to the quality and effectiveness of Europe's education and training systems.