

31. maj 2006

Eksp.nr. 273026

The Danish Government's reply to the Commission's public consultation on the future policy of the Internal Market

The Internal Market is one of the cornerstones of European integration and has been an important factor in the EU's economical development. Also in the years ahead the Internal Market will play a pivotal role in ensuring that EU will be capable of tackling the challenges and opportunities stemming from globalisation. The Danish Government would therefore like to welcome the Commissions intention to launch a fundamental review of the Internal Market to look at what more needs to be done and how to further developing the Internal Market.

The Danish Government agrees overall with the priorities listed by the Commission in its consultation document as well as with the Commissions preliminary analysis of the Internal Market and the challenges it is facing. Internal Market policies should result in more growth while at the same time ensuring a high protection level for consumers, environment and health. Although the Internal Market functions well in many aspects it is however crucial that it continues to adapt to the changing circumstances not least in view of an enlarged EU as well as the effects caused by globalisation. Overall it will be important to:

- focus on openness instead of national protectionism
- further developing a well-functioning Internal Market for services and products
- promote simpler and better legislation including the reduction of administrative burdens for European enterprises
- strengthening competition and further liberalisation of markets both internally in the EU and towards external markets

The Danish Government does not believe that protecting and sheltering our enterprises from external competition is the right way forward. Instead we must embrace the possibilities of globalisation by ensuring that our markets are open and competitive both internally in the EU as well as towards third countries. Globalisation should thus not only be one of the priorities of the work on the Internal Market but be the horizontal theme reflected across the board in the policies of the EU both when regulating the Internal Market and when launching horizontal initiatives.

The EU is very dependent on global trade and open markets and therefore it is necessary to ensure that the EU framework conditions facilitates trade and not protectionism. We need more open markets where enterprises can enter and exit much more easily than it is the case today. Denmark would very much like to see a much stronger coupling between the future Internal Market policy and the EU's trade policy. Therefore it is especially important that the Internal Market regulation and thereby the future Internal Market policy takes into account the question of openness including EU's trade policy and the work in the WTO.

Finally it will also be important to ensure consistency and coherence between the future policy on the Internal Market and other policy areas and sectors. It is also important that the future policy links up with the re-launched Lisbon strategy on Growth and Jobs. The Danish Government urges the Commission to present a clear and very concrete plan on the future work on the Internal Market. The plan should as well serve as a basis for the future work of the Competitiveness Council.

Based on the above Denmark considers the following issues as being of high importance for the future work on improving and further developing the Internal Market and Denmark therefore urges the Commission to include them as priorities in the future policy on the Internal Market.

Fewer regulatory barriers to trade on a global scale

For European enterprises to compete on a global scale EU needs to develop at least equal and preferably better framework conditions than competitors established in third countries unless consumer, health and/or environmental considerations call for stricter rules. If enterprises in the EU Member States have to relate to a stricter regulatory framework than competitors outside the EU it can lead to a weakening of the EU's competitiveness.

EU should continue to be the driving force in the establishment of global rules by not least maintaining and reinforcing its global rules. This should be done in such a way that we continue to ensure a high protection level for the environment, health and consumers.

Denmark supports the current approach with regulatory dialogues between the EU (the Commission) and important business partners such as the US, China etc. Topics include discussions on competitive regional standards that cause barriers to international trade and the possibility of using ISO and IEC globally relevant standards, which to a minor extent (e.g. due to climatic differences) can contain regional deviations.

The WTO/TBT Agreement includes the reference of international standards in national legislation. This is though only appropriate if the same regulation exists in the EU as well as in our main trading countries. Therefore it is important to establish cooperation between EU-lawmakers and corresponding authorities in our main trading countries. A useful approach could be the setting up of common regulatory objectives either for specific sectors or for specific regions depending on where common objectives are most needed. The EU's experiences in the regulatory field such as the New Approach could be used in this regard.

Denmark supports the Commission's efforts, for example through the Trade Barrier Regulation (TBR), to help European businesses overcome

trade barriers while operating in markets outside the EU. To intensify the Commission's efforts in this area it could be very useful to facilitate direct cooperation between public authorities in Europe and our main trading partners, for example the US. This should be done in such a way that it enables the relevant authorities to get in direct contact with each other when such obstacles to trade and/or unfair foreign trade practices occur and thereby to ensure a swift and smooth case handling. Denmark would therefore suggest to the Commission to set up a low cost problem-solving mechanism which could facilitate such a direct point of contact. This mechanism could be constructed in a similar fashion as the SOLVIT network.

A stronger and intensified dialogue with the US could also be pursued through regular consultations between the Commission and the US in the preparatory legislative process to avoid legislation containing barriers to trade.

Regulating the Internal Market

After about 20 years of implementing the Internal Market the legal framework is now largely in place. There are however still areas which needs to be further regulated, areas where regulation needs to be updated and changed and areas which are still non-regulated. In this regard it is important to keep in mind that many things have changed since the launch of the Internal Market project such as the needs and demands of consumers and businesses, interdependence between markets, globalisation and technological development.

It could therefore be very useful if the Commission's review of the Internal Market could include an evaluation of our Internal Market "toolbox". Questions to be considered could be the following; do we regulate where needed and with the right regulatory tool, is legislation in one sector (still) coherent with legislation in others, how can different ways of regulating take globalisation sufficiently into account and how do we ensure that regulation keeps up with market - and technological development?

At the same we need to continue to make sure that regulation provides for a high level of protection for consumers, health and the environment. It is crucial that the future development of the Internal Market also brings increasing and real benefits to the consumers also in the areas which have not yet been regulated. These needs also call for the possibility for Member States - in accordance with the treaties - to maintain or introduce national legislation with a higher protection level for consumers, health and the environment.

Better implementation and enforcement

Enforcement should be one of the keywords in the future Internal Market Policy. As mentioned above the regulatory framework of the Internal Market is now largely in place. However even in the areas where the regulatory framework is in place barriers to the free movement of goods

however still occur. This is primarily caused by a lack of enforcement measures such as insufficient market surveillance, ignorance of the principle of mutual recognition etc. The fact that the Internal Market does not function optimally creates unnecessary barriers for businesses when operating across borders and deprives consumers and business of their rights.

Transposition of Internal Market directives

Although transposition of EU- legislation has improved we need to keep a constant eye on the timely transposition of directives. The Internal Market can only reach its full potential if legislation agreed at the European level is effectively implemented and applied by all Member States. The Commission should therefore continue to monitor Member States transposition of Internal Market legislation. The semi annual Internal Market scoreboards have proved very useful in this regard.

However, as pointed out by the Commission in its consultation paper, it is also important that Internal Market legislation is transposed correctly and sufficiently to avoid barriers caused by "gold-plating" etc. The Commission should therefore not only monitor the timely implementation of directives but also the amount of Internal Market legislation which is not correctly transposed and add these results to its scoreboards. This will not least serve as a constant reminder to Member States that not only should EU legislation be transposed in time but also in an adequate manner.

Cooperation among Member States

A successfully implemented Internal Market also depends on the cooperation between Member States. Close administrative cooperation serves to create understanding and mutual trust in each others decisions and systems and results in a more efficient and well-functioning Internal Market.

There are several areas where this works unsuccessfully. In the area of public procurement the Member States cooperate actively within the Public Procurement Network, which was set up in 2003. From a Danish point of view the network is an effective platform for the exchange of experiences and best practices between the Member States. Further the network helps solving cross-border procurement problems in an informal manner.

From a Danish point of view there is however a genuine possibility of improving the competent authorities' (national authorities, customs) cross border cooperation in the area of market surveillance.

In addition there is a great need to strengthen the administrative cooperation between Member State authorities in the field of the services directive. But also in other fields covered by EU directives, administrative cooperation is needed. To support this administrative cooperation and facilitate the communication among the Member States the proposed Inter-

nal Market Information System (IMI) is a useful instrument. Thus, Denmark supports the development of IMI while at the same time making sure that it is as simple and user-friendly as possible.

Infringement cases

The last Internal Market scoreboard from December 2005 suggests that more needs to be done in order to reduce the amount of infringement cases. As rightly stated by the Commission one infringement case is one too many since it is costly and can take a long time to resolve.

The Commission is each year dealing with a large amount of infringement cases (Art 226). It is however not clear exactly how many complaints the Commission receives on an annual basis and how many of these that actually ends up in the formal infringement procedure (Art 226). Furthermore it is not clear which economic impact the complaints to the Commission and the launch of a formal infringement procedure have for the Internal Market.

In order to ensure a faster case handling, increase transparency and diminish the economic costs for businesses it is suggested that the Commission strengthens cooperation with Member States and make better use of instruments complementary to the infringement procedure such as SOLVIT. Naturally there should still be the option of sending the case back to the Commission if the case cannot be solved by the complementary mechanisms. Furthermore the Commission is encouraged to identify the "most serious" cases for which the infringement procedure should be dealt with promptly. This would help to better ensure a more swift handling of cases with the least economic loss as possible.

Experiences with recent infringement cases in the area of public procurement have shown that often a constructive and open dialogue is important to reach an amicable solution of a case. In this respect the so-called "Package-meetings" have proven to be a successful instrument. These meetings provide for a possibility to exchange views on the issues raised by the Commission and to discuss the case at an early stage. The Package-meetings also provide for the opportunity to clarify potential misunderstandings and to solve the problems before a formal infringement procedure is initiated. Therefore Denmark would encourage the Commission to continue this practice and to copy this to other areas where appropriate.

Screening of national legislation to reduce barriers in the Internal Market

Denmark is very much in favour of Member States carrying out national screening exercises on existing and new rules as well as administrative procedures with the aim of removing existing barriers in the Internal Market. Results of the work made by the Danish Taskforce for the Internal Market (TIM) have highlighted that obstacles to well-functioning

markets do not only stem from barriers to cross-border trade. Often, consumers and/or enterprises fail to get the most benefit of the Internal Market as a result of both anti-competitive practices or structures and lack of proper implementation of Internal Market rules.

Member States should be encouraged to evaluate their national legislation to ensure that it does not conflict with the EU's legal framework, is easy to understand and thus easy to comply with. National screening undertaken at the same time in several Member States - either as horizontal screenings or screenings of specific areas - would be highly beneficial for the improvement of the legislative environment of the Internal Market. The Commission could extend its scoreboard to also include these findings. This would increase transparency and provide the Commission, governments and European businesses with information on where barriers still exist with the aim of further reducing such barriers.

The Commission has also launched initiatives to identify and alleviate obstacles to cross-border trade and integration of the financial sector. We support these initiatives as further dynamic consolidation of the financial sector is beneficial for both consumers and business.

Revision of the New Approach

Denmark strongly welcomes the introduction of market surveillance requirements in the revision of the New Approach. It is necessary to increase the political focus on the necessity of market surveillance in the Internal Market to create a level playing field for industry and safe products for consumers. Supplementary to the new regulation it could be useful if the Commission could take on a best practice analysis on Member States surveillance systems.

In addition we support enhancing the horizontal elements in the New Approach through a regulation including harmonised definitions of economic operators, strengthening of the European Accreditation system, the rules of the functioning of notified bodies and clarification of the CE-mark and its relationship to voluntary marks. We also recommend the promotion of the Keymark as *the* European compliance mark to voluntary standards, and we strongly support the efforts in the Commission Action Plan for European Standardisation (October 2005) to improve and promote the Keymark system.

Further we invite the Commission to consider where the use of the New Approach can be expanded to other areas – as a regulatory and innovation friendly harmonisation technique. New Approach directives restrict product legislation to essential requirements necessary to make products safe and leave different implementation opportunities to industry via reference to European harmonised standards. However the dependency of the New Approach on European Standards sets the European standardisation system under constant pressure to make procedures and the development of

standards more efficient and fast. The European standardisation organisation (CEN) have committed itself to guaranteeing that standardisation projects launched after 2002 will be fully developed in a maximum of three years. Today projects can take up to 7 years or more which unnecessarily stifles the implementation of the Internal Market. We need to have a stronger political focus on the efficiency of the European standardisation organisations. Accordingly, to ensure that CEN lives up to its commitment, information on the speed of mandated harmonised standards should be included in the Commission's Internal Market Scoreboard.

Additional voluntary standards would clearly be beneficial in the service area, where many barriers still exist. Supplementary to existing and planned activities within the CEN, Denmark has proposed standards within the following service fields; standards for construction services, standards for handling of food security and hygiene standards in the health care sector.

When introducing standards in the service sector some efforts must be made vis-à-vis documenting the added value for participating companies. In some service areas companies are reluctant towards the introduction of standards since part of the pricing of their product is based on storytelling, identity and other non-measurable factors. It is important that these problems are properly dealt with to ensure that companies will take part in the standardisation process.

High quality regulatory framework

Better and simpler legislation contributes positively to growth and jobs. Equally more understandable and clearer rules is also to the benefit of consumers. It enhances transparency and enables consumers to make the full benefit of the Internal Market. Better regulation should be the underlying principle behind all policies directed at companies and citizens. At the same time better regulation is a balanced approach which should not lead to a lowering of the protection of the environment, health and consumers. Better regulation is not deregulation but instead a possibility of obtaining better and more coherent legislation as well as a better way of reaching a high level of protection for the environment, consumers and health.

Consultation of stakeholders

Denmark very much supports that all new policies – within the Internal Market and elsewhere – should be developed after sufficient consultation of all relevant stakeholders. Experiences made with consultations such as of the green book on public- private partnerships, the revision of the Remedies directives on public procurement and the REACH directive have shown that consultations are very useful as they provide all relevant stakeholders with an opportunity to comment on the Commission's initiatives. Consultations are also an important mechanism for testing the im-

pact of the regulatory measures and thus ensuring a more balanced regulatory framework.

The Commission is encouraged to consider various means to ensure that consumer interests are taken well into account in all consumer related issues before the launch of an legislative initiative. This could include the setting up of an independent consumer panel.

Impact assessment on EU-level

Denmark welcomes the Commission's updated guidelines for impact assessments. However it is important that impact assessments are thorough and take sufficiently into account the costs of non-action as well as the full analysis of all three elements of sustainable development (social, economic and environmental aspects). Denmark has experienced problems with inadequate impact assessments which lacked a sufficient assessment of the environmental impact as well as of the administrative burdens put on enterprises. The updated Commission guidelines should serve as a good basis for reaching this objective. Denmark very much appreciates the inclusion of the EU Net Cost Model to measure administrative burdens as a central part of the guidelines. Measuring the expected administrative burdens of draft proposals can help ensuring that we only legislate where the benefits of the regulation outweighs the costs. It is important to keep in mind that impact assessments are not a goal in itself but is a tool by which political decision-makers can reach better policy solutions.

The Commission's recent impact assessment on the amendment of the Remedies directives proves as a good example. The assessment gives a good overview on the problems that the Commission has identified, the possible solutions and the impact of the proposed measures. This shows how impact assessment helps to establishing a better foundation for the regulatory initiatives and is therefore a valuable instrument to ensure higher quality of the legislative framework.

However, to make sure that the guidelines will have the intended effect and be used in uniform manner by the Commission services the Commission is encouraged to set up an horizontal unit to monitor the quality of impact assessments across policy areas. This unit should ensure adequate application of the Commission's guidelines and help maintain high standard impact assessments.

Furthermore, Denmark suggests setting up an internal screening system in the Commission to prevent new burdens in future regulation included in the Commission annual work programmes. According to such a system, proposals with expected administrative burdens exceeding a certain threshold could be sent to the Competitiveness Council Commissioners Group for deliberations. This would help to ensure that new administrative burdens only arise when the benefits of the legislation exceeds the costs.

To increase the Commission's knowledgebase when developing consumer related policies the Commission could consider establishing a common European database containing the results of annual polls on consumer satisfaction in all relevant markets. This would not least improve the foundation on which decision-makers base their decisions on consumer issues. It could also be useful to make use of the database to evaluate whether the effects of a legislative initiative are as intended.

Simplification of legislation

Denmark welcomes the Commission's efforts to simplify the community acquis. Denmark very much supported the Commission's decision to consult stakeholders in June 2005 when preparing for its new rolling simplification programme and would like to encourage the Commission to take on a similar consultation of stakeholders in 2007.

Denmark would like to see the EU Net Cost Model applied to existing legislation in order to identify and reduce the burden caused by EU legislation. A recent Danish study indicates that € 1,4 bn in growth is gained each time burdens on businesses are reduced by € 1 bn. The rationale for reducing the burdens is clear. But naturally this does not only apply to the European level but also at the national level. The Net Cost Model is today used by 17 Member States. It could help tremendously if all Member States would make use of this model. This could also make it possible to identify best practice on implementing EU-directives on national level.

Quantitative targets

According to Danish figures, the administrative burdens on Danish businesses alone constitute around 2,1 pct. of GDP. Approximately 40 pct. of these burdens stem from EU rules. Denmark would therefore like to see ambitious but realistic targets set for the reduction of the burden on businesses in specific sectors of EU regulation as also requested by the European Council. The following sectors would be obvious candidates (in brackets the percentage of the administrative burdens stemming from EU legislation is included); statistics (95 pct.), agriculture (80 pct.), company law (58 pct.) and financial services (38 pct.). Denmark welcomes Vice President Günther Verheugen's announcement to set up a 25 percentage reduction target and looks forward to the Commission plans on how this will be implemented.

Digitalisation of EU legislation

Studies made on digitalising procedures have shown that there are huge benefits to be gained if legislation, where possible, provides for digital solutions. This saves enterprises time and resources which they instead can devote on strengthening their competitiveness. Studies also show that the main obstacles to digital administration are signatures and requirements to submit paper forms which both relatively easily can be replaced by a digital solution.

The Danish Government authorities has put in place an instrument which easily can identify whether a legal act prior to its initialisation includes obstacles to digitalisation with the aim of reducing such obstacles.¹ Experiences have shown that some of the barriers can however not be removed due to requirements in EU regulation such as in the area of agriculture. Denmark suggests on this basis the Commission to apply a tool in its legislative preparatory phase as well as on existing legislation with the aim to identify and thereby remove barriers to digital solutions. To focus the work a target could be set up on how much of the EU legislation (as a percentage) should facilitate digitalisation by 2008.

A well-functioning patent system

Innovation is crucial for the future growth and jobs. The Internal Market should be functioning in such a way that frame work conditions are as conducive to innovation as possible. A well functioning patent system is an important prerequisite for a successful and innovation friendly internal market. The patent system should provide:

- easy access for all types of users independent of nationality and financial capacity
- short processing times for patent application
- a high degree of legal certainty
- high quality patents and trivial patents should be avoided.
- cost efficient and accessible litigation systems with a high degree of legal certainty

However the present European patent system faces challenges within several areas that hinder the achievement of the above mentioned goals. The judicial and structural framework of the present European patent system should be better tailored to meet an ever increasing amount of applications and the needs of local users. A well functioning Internal Market requires that companies have easy access to protection of IPR on their home markets. A well functioning internal market further requires that equal opportunities are provided to all European companies. The present European patent system does not provide such equal opportunities since the structure of the present patent systems disadvantages SME's and local companies.

Structural deficiencies of the European patent system

To ensure further economic growth it is necessary to address the current problems with prolonged patent application processing times in Europe and not least The European Patent Office. Both the applicant and third parties rely on the outcome of the search report for taking decisions on whether or not to utilize an invention commercially.

¹ Further information can be found (in eng) on the following Government homepage:
www.e-administrerbarhed.dk

To improve this situation a future European Patent system needs instead to embrace the possibilities that modern information technology offers the patent system in relation to reutilization of work and outsourcing. Reutilization of work is essential if duplication of work is to be avoided which is one of the keys for bringing down the patent application processing time in Europe. Therefore we need a close cooperation between the European Patent Office and the national patent offices which also should entail the creation of a European patent network where reutilization of work done by other offices can be implemented.

Quality is essential in any work sharing scheme. Therefore, a prerequisite for re-utilization, work sharing and outsourcing is the establishment of a common European patent quality system and a European standard for search and examination.

There is a need to address the issues of quality in patents and patent quality should thus be put high on the policy agenda. The effort to achieve a consistent high quality of patents requires a new focus on the inventive step requirement. Although actual changes in patent law should only be undertaken after thorough studies, considerations should be made as to how we in the short term can ensure strict and uniform appliance of the inventive step requirement.

Public procurement

To achieve a stronger and globally competitive European market through more innovation and market dynamism Internal Market policies need to be developed which can foster and facilitate innovation and market entry.

In this respect it is also very relevant to focus on public procurement. The market for public contracts constitutes a significant share of the European economy and is thus an important aspect of the Internal Market. Denmark supports therefore the Commissions view that further efforts need to be devoted to ensuring an open, dynamic and innovation-friendly procurement market and looks in this regard forward to the Commissions initiative on the connection between public procurement and innovation.

As the Commission has pointed out the legal framework for public procurement has been improved with the adoption of the new procurement directives in 2004. The objectives of the new procurement legislation were simplification and modernisation of the rules, particularly by providing for the possibility to conduct procurement procedures in a faster, less bureaucratic and less costly way. Further to that the new procurement directive contains a new and more flexible procurement procedure, the competitive dialogue, which is suited for developing innovative solutions and enhancing public-private partnerships.

Denmark agrees with the Commission that the legal framework is an important precondition, but is not sufficient to ensure a dynamic and open procurement market. Therefore the future policy in the field of public procurement should focus on stimulating the use of the new procurement rules in an effective manner and to their full potential.

Public authorities awareness of the opportunities the EU public procurement framework offers for fostering innovation

The new public procurement directives were implemented in Denmark in 2004 and have been applied since January 2005. Denmark endorses the Commission's initiative to prepare a manual setting out the opportunities to foster innovative solution, which the EU public procurement directives offer. In this respect it is important that the manual aims at stimulating the use of the new procurement methods, e.g. the competitive dialogue, at their full potential and allowing the contracting authorities to take advantage of the flexibility, which these new methods offer.

More competition for public contracts

Effective competition for public contracts is an important tool for stimulating innovation in both the public and the private sector. Today not all public service contracts are subject to competition according to the detailed rules of the procurement directives. Today a large number of services – the so-called B-services - are not fully covered by the directives. However, these contracts constitute a large percentage of the total volume of public spending in the EU.

The Commission is encouraged to analyse whether the European Market for some of the B-services is sufficiently developed with a view to consider transferring these services to the full procurement regime. This would of course require a legislative initiative.

More liberalisation and competition in the Internal Market

Denmark is in favour of a well-functioning Internal Market in both the product - and the services markets. While the Internal Market for products is largely in place there is still more to do in the field of services. The Services Directive will be a very important step in this direction. The Service Directive commits the Member States to screen and evaluate their authorisation systems and other national requirements relating the access to a Member State's market. Denmark looks forward to this screening procedure and the connected mutual evaluation procedure, because it will remove unjustified barriers for service providers.

Denmark would also like to encourage the Commission to take further steps, including legislative measures such as directives, in order to ensure effective competition in the energy- and banking sectors as well as in other sectors which are listed below.

Energy sector

Barriers for a competitive internal energy market should be removed – if necessary through new legislation. Denmark supports the Commission in relation to improving the implementation of the internal energy market. All Member States must ensure that unbundling is implemented in a manner that guarantees independent network operation. Denmark has successfully introduced ownership unbundling of electricity and gas transmission from trade and production of energy. It is clear that ownership unbundling, at least of network operation, is the most effective approach. Denmark is also in favour of the promotion of sufficient infrastructure between member states and emphasises that effective and independent regulators are necessary to secure an effective internal energy market.

Financial sector

The European Competition Authorities (ECA) Financial Services Subgroup has published a report regarding competition issues in retail banking and payment systems markets in the EU. The Danish Government supports the recommendations made by ECA. Among other things, the report presents recommendations in order to stimulate customer mobility within the retail banking market. Compared with other markets, customer mobility in the banking sector seems to be somewhat low, and initiatives that improves customer mobility will most likely enhance competition.

This is also in line with the proposals of the Commission's white paper on financial services 2005-2010. One aim of the white paper is to enhance competition in the financial sector both in the retail and the wholesale banking markets. Concerning the retail markets the white paper lists initiatives on payment services and mortgage credits. The Commission will also establish an expert group to analyse issues of consumer mobility including how to make it easier and cheaper for consumers to make cross border payments. We support the objectives of achieving further integration of the banking markets in particular if it will be for the benefit of consumers and enterprises.

Infrastructure sectors

Finally Denmark is also very much in favour of continuing liberalising the infrastructure sectors such as the postal sector, the air transportation sector as well as the railroad sector. A review of the regulation in the telecommunication sector including a further deregulation of the sector would also be useful. Denmark will also like to encourage the Commission to take further steps to liberalise new infrastructure sectors such as the pilotage sector.

Reduce trade distorting subsidies in the Internal Market as well as globally

While there is a case for well targeted public subsidies to boost innovation, mainly by way of funding of R&D-projects and disseminating the results, increased scrutiny is needed to ensure a reduction in state aid

within the EU as well as globally. There is some evidence that increased competition for firms at the global level have increased the availability of incentive schemes, often targeted at R&D and innovation, despite limited evidence that such schemes are productive. A concerted effort should be put in place to improve transparency about the costs and benefits of such schemes as well as systematic use of EU and WTO review mechanisms to achieve the desired reductions of distorting instruments.

Improving information on the benefits of the Internal Market

There is a growing sentiment among European citizens that cooperation in the EU has to bring concrete results and benefits to the citizen. The Internal Market has in fact produced many positive and concrete results. Unfortunately these seem not to be very visible to the public. This situation needs to be improved since the success of the Internal Market also very much depends on the support from the citizens. Therefore both the Commission and the Member States have an important role to play in communicating the obvious benefits of the Internal Market to the European citizens- enterprises as well as consumers. We would like to highlight to the Commission the following concrete actions to be worth considering:

- improving the Your Europe Portal as concerns the information available to businesses by for example creating a visual geographical appearance of the Your Europe Portal – instead of a text based appearance
- undertaking impact analyses and marketing campaigns directed at industry and other stakeholders, showing standardisation as an innovation catalysing process
- promoting the forthcoming IMI system together with the existing SOLVIT network.
- in coordination with the national and European consumer organisations to develop targeted and relevant information material to inform consumers about the benefits of the Internal Market