



## **Putting the Citizen at the Heart of the European Single Market - a call for a new vision**

The Single Market is among the European Union's greatest economic and political achievements of the last twenty years. It has generated growth and boosted employment and promoted solidarity among Member States. But it is facing a problematic time.

More and more European citizens view the Single Market with hostility as a right-led Council and Commission have too often pursued the single market at the cost of social rights and national labour market traditions. At the same time, the economic crisis has damaged its prospects of further development.

That's why the European Parliament, in a Report by S&D Member Louis Grech, called for a new vision of the single market, putting the citizen at its centre. In response to our report, the Commission presented in October 2010 the Communication "*Towards a Single Market Act for a highly competitive social market economy*". It presents 50 proposals, with the professed aims of regaining the confidence of citizens and businesses, boosting Europe's economic growth and placing Europeans at the heart of the Single Market.

The Communication is submitted for public consultation until the end of February 2011, after which the Commission will make definitive proposals to the Parliament and the Council of Ministers.

### **The S&D response:**

#### **1) No vision, no joined-up thinking:**

The Commission's proposals are not linked together sufficiently, and are not designed to dovetail with other flagship European policies: the over-arching "2020 strategy" for sustainable economic and social change; or the new industrial policy for a globalised era. Europe needs a single, coherent vision for growth and jobs.

#### **2) Horizontal Social Clause**

The key test of the Commission's new approach is where it stands on demands for a **horizontal social clause** - endorsed not only by the S&D Group, the European Parliament and the European trade union movement, but also by former Commissioner Mario Monti, who was appointed by Commission President Barroso himself to advise on the relaunch of the single market.

A horizontal social clause would be a guarantee that all single market legislation will respect fundamental social rights. It would give priority to fundamental social rights in case of conflict and would protect and uphold the right to collective action and the right to strike, in line with Article 9 of the Lisbon Treaty and with the EU's Charter of Fundamental Rights.

The Commission proposals fail this test. No "*horizontal social clause*" is proposed and the main chance to rebuild the trust of Europe's citizens, workers, small businesses and consumers in the Single Market is missed.

### 3) Workers' Rights

The Commission proposals offer little on strengthening workers' rights. We call for a far-reaching revision of the 1996 Directive on Posting of Workers, which has led to European Court decisions undermining collective bargaining and the right to strike. The Commission offers a timid "improvement in implementation", which will not come close to solving the problem. A revised Directive must respect the autonomy of national industrial relations systems; safeguard the rights of collective representation and bargaining and collective action (including the right to strike); and guarantee the principle of equal pay for work of equal value.

### 4) Public Services

The S&D Group has worked closely since 2005 with a wide range of organisations from all over Europe, representing providers and users of public services, to gather evidence of the problems created for public services by the lack of legal clarity regarding the impact of EU single market rules on their operation and financing.

In 2006, with the help of a panel of legal and public services experts, the Group produced a ***draft Framework Directive on Public Services***, designed to create a clear legal framework, safeguard the autonomy of national and local service providers and regulators, and guarantee standards of service, access and transparency for public services.

For years the Commission has resisted the clamour for clear legislation, claiming it had no legal base. The Lisbon Treaty therefore created in its Article 14 a new legal base specifically for that purpose. But the Commission has still failed to present proposals.

### 5) Consumer Rights

The promise to present legislation on access to banking services and mortgage credit is one of the Commission's most welcome proposals.

The main goals of the new law must be financial inclusion and better consumer information and protection. It must insist on transparency in bank charges and the cost of mortgages, to protect consumers and investors and to guarantee a stable financial system.

The Commission's proposals on product safety are weak. We welcome the proposed review of the General Product Safety Directive, but the Commission should also review the CE marking system, to develop it into a real safety mark; and market surveillance of product safety must be strengthened through closer coordination and cooperation among national bodies.

## 6) Small and Medium Sized Enterprises

We welcome the proposed action plan to improve SME access to capital markets, with a European network of stock exchanges or regulated markets focused on finance for innovative and job-creating SMEs.

We also support strongly the creation of Euro-project bonds and the proposals to channel private savings towards long-term investment, but the S&D Group will press for faster progress and greater ambition.

The proposals on venture capital should be strengthened by creating a European regulatory framework to eliminate barriers and give incentives to direct private savings towards financing the real economy and long-term strategic investment. These changes could offer a big step towards achieving the EU2020 objectives of sustainable growth and high-quality, green jobs.

## 7) Better Tax Coordination

We warmly welcome the Commission proposals for tax coordination to combat tax havens and tax dumping. The proposals - following our Group's request - for a Directive establishing a common corporate tax base and for further harmonisation of VAT rates will increase transparency and help the fight against tax evasion and avoidance. The common consolidated corporate tax base will be essential to creating a genuine single market and reducing the anti-labour bias in the tax system.

We greatly regret the Commission's failure to offer proposals to simplify the tax system for SMEs and reduce their tax burden. The S&D Group will take every opportunity to put both demands into the Commission's legislative programme.