

## *The Single Market : from concept to implementation*

*Informal discussion of the Report to the Commission by Mario Monti by the experts of the EIN Working Group on European Governance (rapporteur : Prof. F. Allemand, Sciences Po) with further comments derived from the EIN Seminar in Rome organized with foundations Farefuturo and Respublica on 'Political values and individual expectations'*

**Just another report?** The Monti Report has been commissioned in 2009 by the President of the Commission to complete his political programme, as the report itself explains. It complements the quite thin Report from the Group on the Future of the EU headed by Felipe González. This is together with the Strategy Europe 2020, the third document on mid-term economic strategy published by the European institutions since the new Commission has been established.

**Achieving the internal market as a way to recovery and growth.** The Monti Report presents a few reasons for serious steps to achieve the internal market :

- negative effect of uneven service costs or uneven financial costs : European companies do not have a competitive base camp and investors are not attracted by a market that still seems to be fragmented and non transparent : those are major drawbacks for recovery and growth potential ;
- opportunities to attract to Europe the new emerging green tech market ;
- economies of scale, especially in the transport sector, even if some members states have so far resisted those (despite the clear conclusions of the Marco Polo plan from the Commission)
- productivity gains associated with a genuine digital single market ;

The 1985 White Paper by the Commission or the impressive Cecchini report of 1988 had come to similar conclusions.

**Facing the true short-comings of the existing Single market for goods.** The Monti Report is based on his own personal experience as a former Commissioner for Internal Market and the Competition. As such he has had quite a hard time with countries wishing to restart national industrial policies organized around a core group of national champions. The report states the need for the Commission to resist, in the name of the common European interest, such moves by national or local authorities. Far from just advocating the opening of the new sectors to full-fledged competition, the report shows that the European single market for goods, supposed to be completely open and harmonized, still suffers major short-comings:

- uncompleted implementation of common rules by national or regional jurisdiction ;
- complexity to launch a claim on the basis of those common rules ;
- lack of transparency or even legal instability resulting from complex implementation mechanisms (especially in very decentralized countries)
- too many directives
- further complexity created by exemptions and new measures taken since the beginning of the crisis
- fatigue concerning the Single market issues and strength of locally rooted interests.

Those short-comings may explain why many SMEs or micro-SMEs do not derive the best out the opportunities offered by the Single Market that appears to many of them as fragmented, uneasy to penetrate, and more or less cartelized.

**Refocusing the Commission activity on its core business: defending the Single Market.** In the context described above, the Monti Report presents a precise vision of the Commission's role after the Lisbon Treaty:

- in its institutional capacity, to defend, in the name of the common European interest, the *acquis communautaire*, the common rules...
- as an institution with a policy agenda, to create new political conditions that would create a positive context for the enlarging and the deepening of the Single Market experience.

One of the innovative part of the report is to demonstrate that further opening cannot be imposed in a top-down approach on member states, regions, entrepreneurs and consumers that are for the time being reluctant. The report acknowledges the existence of a new form of Euroscepticism, one associated with the Single market experience itself: people are not anymore ready to grant to the European institutions a free mandate to implement further steps to the Single Market ; their first preoccupation is security : secure jobs, secure prices, secure goods, secure savings (See special Eurobarometer 323, January 2010). Therefore, there is an important political work to be done to make the Single market and the open competition attractive again for the majority. If one wishes to keep the pace and continue to complete the Single market, one will have to create new coalitions of interest and demonstrate to the people the value added of a genuine Single Market.

The mandate to defend and deepen the Single Market paves the way for a new role for the Commission, that could refocus on its core business and assert itself in its executive capacity with more autonomy in face of members states (in collaboration with the ECJ). One understands the emphasis put by the Commission on Single market policies: this is the field where its leverage and competences are maximal. By strengthening the Single Market, the Commission may regain a central role in the institutional setting of the EU and regain legitimacy.

**Among the three major strategic reports - Europe 2020, the González Group Report, and Monti Report, the Monti Report is the most focused one, the closest to the community method and the one with the strongest political agenda. It may also be the most realistic one as far as the role of the Commission after the Lisbon Treaty is concerned.**

The Monti report advocates for a new political agenda between the Commission and available political forces to fight against a new kind a Euroscepticism : the economic Euroscepticism that targets the core of the European legacy : the Single market and the open competition within it. The report clearly indicates that the Single market is now seen as "blind and bold enemy of localism and the traditional values that it carries".

The European center right has built itself as a political force by refusing "short-termism" in the name of stability and for the sake of future generations. It has fought against localism in the name of the common interest. The EPP family may find in the Monti Report a source of inspiration and a clear cut project to support. As a political family, the EPP has been attached to the idea of the "Single Market and open competition within it". Time is now for action to implement it for good.

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