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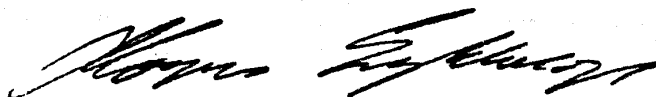
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Til underretning for Folketingets Europaudvalg vedlægges i forbindelse med Det Europæiske Råd i Stockholm den 23.-24. marts 2001 Rådets konklusioner vedrørende de aspekter af de økonomiske reformer efter Cardiff, der vedrører det indre marked, 6704/01.





**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 14 March 2001

6704/01

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NOTE

from :	Council (Internal Market, Consumer Affairs and Tourism)
to :	Stockholm European Council (23-24 March, 2001), ECOFIN Council
Subject :	Internal market aspects of the Cardiff economic reform process: Council Conclusions

In the annex to this Note are reproduced the Conclusions adopted by the Council (Internal Market, Consumer Affairs and Tourism) at its meeting on 12 March on the internal market aspects of the Cardiff economic reform process.

The Council forwards these Conclusions to the European Council as a contribution to the deliberations at its forthcoming meeting in Stockholm.

The Conclusions are also forwarded to the ECOFIN Council, to assist with its further work on the development of the Broad Economic Policy Guidelines for 2001.

**INTERNAL MARKET ASPECTS OF THE CARDIFF ECONOMIC REFORM PROCESS –
COUNCIL CONCLUSIONS**

In the context of the new strategic goal for the European Union defined by the Lisbon European Council and the review of progress towards that goal to be performed by the forthcoming Stockholm European Council;

taking account of the implementation of the internal market aspects of the Broad Economic Policy Guidelines of 2000;

with reference to the forthcoming review and update of the Commission's Strategy for the internal market;

drawing on the analysis of the annual reports of the Member States and the Commission on the functioning of product and capital markets within the framework of the Cardiff process;

developing its contribution of 31 January on key issues for the 2001 Broad Economic Policy Guidelines in the area of the internal market;

stressing the importance of integrating considerations regarding environmental protection and sustainable development into internal market policy and reaffirming its intention to produce a strategy for such integration for the Göteborg European Council;

THE COUNCIL HAS ADOPTED THE FOLLOWING CONCLUSIONS:

1. In accordance with the Lisbon European Council Conclusions, the Internal Market, Consumer Affairs and Tourism Council adopts these Conclusions, as the operational outcome of its analysis of the material on economic reform at its disposal.

Ensuring benefits of economic reform for citizens/consumers

2. The Internal Market, Consumer Affairs and Tourism Council places particular emphasis on the delivery of real benefits of economic reform to citizens, in terms of better access to a broad range of high-quality, safe goods and services, at competitive prices. Work to assess the impact of meeting the goals set by the European Council would be useful in conveying the potential benefits of economic reform to EU citizens/consumers and businesses. The Commission is invited to present a first report to this effect in time for the Spring European Council in 2002.
3. Concrete measures are required to strengthen consumer confidence in goods and services and the functioning of markets. Consumer access to improved, reliable information is needed in order to facilitate rational choices. Information provision to consumers should be more systematic, with increased use of easily identifiable contact points, to assist with consumer queries. In this context, the use of the Internet should be promoted. Broad informal consultation procedures, for example appropriate representation of consumers and dialogue with economic operators at national and Community level, should be put in place to ensure that regulation is transparent and workable. Redress mechanisms should be simple, affordable and accessible and should include improved use of alternative dispute resolution mechanisms such as the EEJ-Net. In particularly sensitive areas of product safety, such as food safety, specific targeted policy interventions, with clear objectives and operational elements, are needed. The Council confirms the high priority it attaches to the rapid agreement on the proposal for a Regulation to lay down the general principles and basic requirements of food law and the establishment of the European Food Authority.
4. Regular and systematic monitoring of price developments in goods and services markets, as well as analysis of the structural developments affecting the competitiveness of markets, is important to ensure that citizens benefit from economic reform. The Commission is invited to continue to publish regular price comparison data so as to provide a clear series of year-on-year comparative data on price evolution and dispersion.

5. The opening up of markets to competition should be pursued with the objective of benefitting consumers by promoting a wider choice of high quality and safe goods and services at competitive prices, while ensuring the provision of services of general economic interest. The Commission is invited to develop analytical tools, in particular with regard to the factors determining the competitive situation, including price developments, in key market sectors, notably barriers to market entry and exit, access to infrastructure (including interconnection and interoperability of networks), abuses of dominant positions and the provision of fair and reliable information to consumers. The results of this analysis should be reported regularly.
6. Full implementation of all internal market legislation is a legal obligation on all Member States and a prerequisite for the proper functioning of the internal market. Although progress towards this goal has been made in recent years, performance must be improved and transposition deficits reduced to zero. Until this target has been reached, both the business community and consumers are prevented from enjoying the full benefits they are entitled to expect from the internal market. Member States should reinforce their commitment to the complete and timely transposition of adopted Community legislation and present national strategies including timetables for deficit reduction. A full review of progress should be made in time for the 2002 Spring European Council, building on the Commission's continued monitoring of Member States' efforts to achieve the interim target of a 1.5% transposition deficit contained in its Internal Market Strategy. The Commission is also invited to pursue vigorously its efforts as the guarantor of application and enforcement of Community legislation, including through prompt and effective pursuit of infringements. Coherent and more efficient market surveillance mechanisms should also be developed as a means to improved enforcement.
7. The objective of sustainable development requires environmental aspects of economic growth to be taken into account along with the economic and social dimensions of market performance and the improvement of citizens' quality of life. In accordance with the request of the Helsinki European Council, the Council will present a Strategy on integrating environmental protection and sustainable development into internal market policy to the Göteborg European Council in June.

Promoting entrepreneurship and the transition to a knowledge-based economy

8. The Internal Market, Consumer Affairs and Tourism Council stresses the need for ongoing economic reform in order to increase opportunities for entrepreneurship and innovative business development, underpinned *inter alia* by the knowledge-based society.
9. The legal framework needs to be improved with a view to promoting innovation and entrepreneurship, especially in the field of intellectual property rights, in accordance with the timetable established by the Lisbon European Council.
10. Administrative and regulatory burdens on businesses, particularly SMEs, must be further reduced at both Community and national level. The Council will give high priority to the Commission's report on the development, in cooperation with all relevant bodies, of a framework for coordinated action to simplify and improve the regulatory environment. This should include systematic use of high-quality business impact assessments, and fuller exploitation of information technology to alleviate the burdens on business. Regulation review mechanisms in new proposals for Community legislation should be considered, as should alternatives to regulation, where appropriate.
11. Real improvements in the financial environment, in particular for SMEs, must be achieved, notably through full implementation of the Risk Capital Action Plan by 2003 and the Financial Services Action Plan by 2005, at the latest. Commission guidelines on state aid to venture capital could contribute substantially to improving the financial environment for SMEs and emerging technology companies.
12. Policy action at Community and national level should be pursued to foster the diffusion and use of information technology, so as to promote a dynamic and entrepreneurial society which takes full advantage of the opportunities technology offers for cost saving, greater efficiency, more effective innovation and better market penetration. The aim should also be to provide citizens with the skills to benefit from information technology.

13. It is essential that concrete actions are taken to improve the dissemination of scientific and technical information so that Europe can derive maximum benefit from its research efforts. Cooperation between research bodies and the European business community should be strengthened, for instance by networking with science parks and centres of excellence for research and technology and by promoting the mobility of researchers.
14. The Council emphasises the importance of advanced technologies in reinforcing the competitiveness of the European economy. In particular, it notes the need to develop the internal market in goods and services, *inter alia* those based on biotechnology, which in specific cases are subject to authorisation according to Community law, for the benefit of human health and the environment and to exploit the potential of this key sector for innovation, entrepreneurship, growth and employment. This requires a coherent and effective legal framework. Exploitation of biotechnology should continue to take account of the precautionary principle and the need to secure consumer support by addressing public concerns through broad debate on how best to respect fundamental values and meet ethical and social concerns.
15. The eEurope Action Plan 2002 should be implemented rapidly to promote access to, and confidence in, e-commerce and other uses of new technologies, including measures to assure internet security and data protection. Member States should renew their commitment to timely implementation of the aspects for which they are responsible. Particular attention should be paid to bridging the digital divide

Enhancing competition for an integrated internal market

16. Significant progress has been achieved in eliminating obstacles to the proper functioning of competition in the internal market. However, the incidence of businesses perceiving persisting problems still remains high. The Council therefore recognises the need for further efforts to be made in this respect.

17. Improving the internal market in services is a crucial strategic challenge for the Community. Competition should be reinforced in services sectors, supported by the removal of barriers to cross-border trade and market entry, including through improved conditions for the mutual recognition of professional qualifications. The Council supports the comprehensive approach set out in the Commission's Communication on an Internal Market Strategy for Services¹ and its intention to consult Member States on their priorities.
18. The Council also emphasises the importance of increased labour mobility in the internal market and looks forward to the Commission's Communication on new labour markets to be submitted to the Stockholm European Council. It also welcomes the Commission's intention to establish a High-Level Skills and Mobility Task Force.
19. The elimination of remaining technical barriers to trade should be pursued more vigorously, including by making more effective use of European standardisation and through more effective application of the mutual recognition principle, supported by coherent conformity assessment procedures and market surveillance. Significant further progress is required in following up the Council's Resolution on standardisation, in particular through concrete measures to complete the legal framework for a properly functioning internal market in the construction products sector. Furthermore, standardisation work should be enhanced in particular in the machinery sector. In the development of standards, continued emphasis on a broad consultation of end users would also be useful. The Council looks forward to the timely response by the Commission to the Council Resolutions on standardisation and mutual recognition. The Commission and Member States should further develop the network of coordination centres and national contact points so that they can play a more important role in the reduction and elimination of technical barriers.

¹ 5224/01 MI3 COM(2000) 888 final

20. The commitment to liberalisation, modernisation and interconnection of public utilities should be reinforced, while respecting the remit of services of general economic interest, by developing and refining the established objectives and timetables in the light of experience to date. The key aim remains to deliver further genuine benefits to consumers and opportunities to economic operators in each of the sectors concerned, such as gas, electricity, postal services and transport, in line with the Lisbon conclusions, taking due account of subsequent developments *inter alia* in the field of transport. This process should be supported by a comprehensive analysis of the key characteristics of the services concerned: *inter alia* price, safety, accessibility, quality and interoperability. Regular publication of data in these areas would help greatly to establish the transparency required for informed consumer choice and the effective operation of competition.
21. Modern competition rules applied by active, independent competition authorities are needed to ensure more effective elimination of market distortions. The Commission and national competition authorities must cooperate to enforce effective competition rules, particularly in new technology markets. Work to update the rules for implementing Articles 81 and 82 of the Treaty should be pursued as a matter of priority. The block exemption for certain categories of motor vehicle distribution and servicing agreements expires at the end of September 2002. The Council looks forward to the Commission's forthcoming review of this regime and to proposals to improve the internal market in this key sector.
22. State aid should be reduced, in particular ad hoc aid, and redirected towards horizontal objectives of common interest, such as regional development, environmental protection, R&D and innovation. To this end, the Commission is encouraged to provide regular information in the form of two new transparency instruments, the State Aids Register and Scoreboard, and in addition undertake a study regarding the distortive impact of different types of state aid on competition within the internal market.

23. Timely, correct and uniform application of existing rules in the public procurement area is needed in all Member States. Rapid agreement in Council and with the European Parliament on the public procurement legislative package is called for in order to meet the deadline established by the Lisbon European Council: the new rules should enter into force by 2002, and it should be possible for Community and government procurement to take place on-line by 2003. Agreement on the legislative package will be supported by the Commission's forthcoming Communications on social and environmental considerations in public procurement. The Council encourages the Commission to pursue work to facilitate SME access to procurement markets.

Enlargement and the external dimension of economic reform

24. The future functioning of the internal market will depend on the successful integration of the applicant countries as they join the Union. To this end, the process of economic reform in the internal market should be seen in the broader context of enlargement, as well as of developments in the global economy.
25. With the objective of facilitating the adoption and effective implementation of the Community acquis by the applicant countries, more targeted use should be made of pre-accession strategies. This includes intensification of administrative cooperation on internal market issues, such as twinning arrangements. Applicant countries should be encouraged to consider voluntary application of self-assessment mechanisms, similar to those used in the Cardiff process, to monitor the adoption of internal market rules and practices.
26. Important instruments that could be promoted in a global context are regulatory practice, transparency as to new regulations and the precautionary principle as well as the use of standards, conformity assessment and market surveillance procedures on a basis similar to the New Approach.

27. Global trade also has a significant impact on EU economic reform and on the development of new businesses within the internal market. Areas of particular relevance for the economic reform agenda are services, e-commerce, intellectual property rights, public procurement and trade facilitation. The link between external trade, sustainable development and consumer benefits should also be stressed in this context. A new WTO round to achieve further trade liberalisation and to strengthen the multilateral rules-based system is needed.

These Conclusions are forwarded to the Stockholm European Council as a contribution to the assessment of progress on economic reform, to the ECOFIN Council to assist with its further work on the preparation of the BEPGs for 2001 and to the Commission in the context of its annual review of its Strategy for the Internal Market.

