

DG Internal Market and Services

2008

Annual Management Plan

PUBLIC SECTION

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OPENING STATEMENT OF THE DIRECTOR - GENERAL

DG Internal Market and Services operates under intense scrutiny in a wide variety of high-pressure political fields. Retaining the support of the Council and European Parliament, and of key stakeholder groups, is critical for success. Our commitment to evidence-based policy-making and objective evaluations of our policy results will be important in maintaining that support. The DG must build on its sound reputation for delivering proposals that chime with the Commission's 'better regulation' and 'prosperity' agendas. We are putting forward a realistic work programme for 2008 that aims to deliver tangible benefits to consumers and business throughout the Single Market.

In particular, we will need to follow up on the Single Market Review, adopted in November 2007, which sets out our vision of how the Single Market should work. Our aim is to develop a partnership between the Commission and Member States to ensure that laws are applied in practice, and that all parties seek solutions to help citizens and business make the most of the opportunities that are being created. Retail financial services are an area where the Commission will step up its efforts to enhance consumer benefits under the Single Market. At the same time, we will work to deliver a more integrated market for mortgages, to strengthen the European framework for investment funds (UCITS), and to roll out the Single Euro Payment Area.

The DG will need to continue to respond effectively to the recent financial market turmoil in order to maintain investors' confidence. Even before the current turbulence concerns were expressed that financial market supervisory structures in the EU need to be strengthened. Work will continue, in partnership with Member States, to identify precise causes for concern and propose relevant action. We will also pursue enhanced cooperation between national supervisors in the so-called Lamfalussy 'level 3' Committees. At the same time, the Commission is considering amendments to the Capital Requirements Directive that should help provide a sound basis for cross-border supervisory cooperation and will continue negotiations on the 'Solvency II' Directive to provide a solid risk-based capital regime for insurance and reinsurance undertakings.

The DG's work in promoting cross-border regulatory cooperation is also evident in the SOLVIT programme and the development of the Internal Market Information system (IMI), which will bring together Member State regulatory and licensing agencies on an on-line platform which facilitates the provision of cross-border services under the Services Directive and the recognition of professional qualifications. Proactive, cooperative and out-of-court systems will not, however, replace the DG's ongoing work to ensure that Treaty rules are respected, and that all EU laws relating to the Single Market are implemented in national law and effectively applied in practice.

Establishing a Community patent and an effective EU-wide patent litigation system remain key goals. In addition, the DG will deliver a strategy document in 2008 which will set out a coherent framework for industrial property rights as a whole. The DG will also launch new measures to enhance the fight against counterfeiting and piracy. In the area of public procurement, negotiations will continue on the Defence Procurement Directive. Transposition efforts on the Services Directive, the Payment Services Directive and on the Remedies Directive for public procurement will also be important, as these instruments will deliver concrete benefits to consumers and businesses in the EU.

The international work of the DG will continue to grow in 2008. At present, we have embarked on successful dialogues on regulatory issues with our key international partners (China, India, Japan, Russia, US), covering issues such as financial services, intellectual property rights and public procurement. We expect that these dialogues will further intensify in 2008, to help ensure that regulatory solutions are better aligned across jurisdictions.

Last, but certainly not least, the DG will bring forward a major contribution to the Commission's simplification objectives, notably in the area of company law, thus answering the call of businesses and consumers alike for less and clearer regulation.

Jörgen Holmquist

Director-General
DG Internal Market and Services

**POLICY AREA
INTERNAL MARKET**

MISSION STATEMENT

The DG's mission is to develop and maintain a dynamic and open European market place, underpinned by a regulatory environment which enhances competitiveness, stimulates innovation and enables market participants to meet the challenges of globalisation. We endeavour to improve the range and quality of products and services available at competitive prices throughout the Single Market and to allow all Europeans to share in the resulting benefits.

GENERAL OBJECTIVES

DG Internal Market and Services contributes to the Commission's strategic goal of enhancing prosperity in the EU by pursuing efforts to develop an open, integrated and competitive single market in order to create opportunities for enterprises and professionals. This work involves preparing new regulations in the areas of public procurement, intellectual property, services and financial services, and ensuring that existing single market rules are effectively applied in Member States. The DG is also responsible for legislation which allows qualified professionals to work in other EU countries on the basis of a system of 'mutual recognition' of their qualifications. In carrying out this work, we aim to deliver tangible benefits to consumers and respond to their expectations and concerns.

Objective: Create opportunities for enterprises and professionals in the Single Market

In order to remove obstacles to trade in services and promote competition, innovation and growth, the DG will:

- work towards the full and correct transposition of the Public Procurement, Services and Payment Services Directives;
- develop its policies in the field of public procurement, notably to ensure that defence procurement markets are awarded in a transparent manner, and enhance access of SMEs to procurement contracts;
- continue to work towards the creation of a Community patent and an efficient patent litigation system for Europe, and reflect on how to ensure that access to knowledge can be improved while maintaining a vigorous protection of copyright;
- launch new initiatives to enhance the fight against counterfeiting and piracy;
- continue to promote the mobility of qualified professionals notably through the establishment of the Internal Market Information system;
- modernise the company law framework to make it as attractive as possible for SMEs, notably by proposing a regulation for a European Company Statute and proposing simplifications to existing rules;
- promote appropriate supervisory action in order to improve efficiency of financial services and capital markets;

- engage in regulatory dialogues with our partners overseas in order to ensure that regulatory solutions are aligned and that EU businesses face the same rules in overseas markets.

IMPACT INDICATORS ¹		
INDICATOR	TARGET (LONG-TERM)	CURRENT SITUATION
Value of public procurement advertised in the Official Journal in absolute figures and as a % of GDP	Progressive increase of level of openly advertised public procurement	In 2005 the value of public procurement advertised was 320 billion € and 2.95% of GDP
Trade integration of services ²	Annual increase	In 2006 intra EU 25 services trade represented 3.6% of GDP
Foreign Direct Investment intensity ³	Increase in intensity of investment within the European Union	In 2005 intra EU 25 Foreign Direct Investment represented 1.2% of GDP
Integration of financial market: <ul style="list-style-type: none"> Cross-border exercise of shareholders' rights Convergence of long term government bond yields Convergence of retail interest rates (home loans and loans to enterprises) 	Enhanced participation in general meetings by cross-border investors Zero divergence within the euro zone (indicator of wholesale market convergence) Zero divergence within the euro zone (indicator of retail financial market convergence)	In 2006, cross-border voting was estimated to cost 100% more than domestic voting High level of convergence (coefficient of variation within the euro zone 3% in 2006) Increasing convergence (2006/2005)
Cost of obtaining patent protection	Progressive decrease	n.a.

¹ Impact indicators are designed to give an overall picture of economic reality in the Single Market under areas of DG Internal Market and Services' responsibility. DG Internal Market and Services itself is not, of course, solely responsible for achieving success as measured against these indicators. A range of other factors outside the control of the DG also affect outcomes in these areas.

² Trade integration of services is measured by the average of intra-EU imports and exports of services related to GDP. This indicator measures the intensity of cross-border trade penetration. It acts as a proxy of market integration and subsequent pro-competitive effects driven by increased import competition.

³ Foreign Direct Investment intensity is measured by the average of intra-EU inflows and outflows of FDI related to GDP. The indicator acts as a proxy of market integration and subsequent pro-competitive effects driven by increased entry of new competitors in previously fragmented markets.

Objective: Deliver tangible benefits to consumers in the Single Market

In order to reinforce consumers' trust in services that are offered on both the domestic and wider EU market and let them reap the benefits of market opening in terms of reduced prices, increased choice and higher quality, the DG aims to:

- promote wider choice of high quality services;
- improve conditions for the cross-border offer of retail financial services;
- continue to press for market opening and quality improvements in the postal sector;
- encourage greater cooperation between public administrations, to ensure that service providers can operate effectively in other EU markets.

IMPACT INDICATORS ⁴		
INDICATOR	TARGET (LONG-TERM)	CURRENT SITUATION
Consumer satisfaction as regards cross-border provision of services	Constant increase	n.a.
Growth of e-commerce in the EU	Constant increase	1-2% of retail sales in the EU in 2003

⁴ Impact indicators are designed to give an overall picture of economic reality in the Single Market under areas of DG Internal Market and Services' responsibility. DG Internal Market and Services itself is not, of course, solely responsible for achieving success as measured against these indicators. A range of other factors outside the control of the DG also affect outcomes in these areas.

OPERATIONAL ACTIVITIES

1. PUBLIC PROCUREMENT:

In the field of public procurement, the DG's task is to:

- conceive and clarify EU public procurement law and monitor the application of EU rules;
- develop new policies, in particular in the area of defence procurement, SMEs and Public-Private Partnerships (PPPs);
- develop electronic procurement;
- ensure coherent use of public procurement procedures in policy initiatives in areas such as environment, innovation or social policy

The activity is aimed to realise the Internal Market in the area of public procurement; conceive, monitor and apply public procurement Community law; develop new policies, in particular in the area of Public-Private Partnership (PPP) and Defence procurement; develop electronic procurement; ensure economic monitoring of public procurement within the Community.

In addition to the internal market aspects, there is also an important international dimension in the area of public procurement: this activity relates to negotiations on behalf of the EC of international agreements, in particular the WTO's Government Procurement Agreement. Moreover, enlargement, neighbourhood policies and participation in bilateral negotiations with third countries are important elements of this external activity.

The DG also monitors public procurement markets in the EU in order to make relevant statistics available to policymakers and the public.

OBJECTIVE: Stimulate the competitiveness of EU industry by creating conditions for cross-border competition for public contracts.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Targets</i>
Transparency in public procurement	<p>In 2005 the value of calls for tender published in the OJ amounted to €320 billion, which is an increase of 15% compared to the previous year (this increase was mainly due to Enlargement).</p> <p>Moreover, the total number of consultations of tender notices on the TED website of OPOCE was 26 million in 2006.</p> <p>The average number of bids per tender was 5.5 in 2004 and 2005.</p>	<p>Increased access to public contracts</p> <p>Increase average number of bids per tender</p>
<i>Main policy outputs</i>		
Negotiations of Defence Procurement Directive		
Modification to the list of contracting entities under the new public procurement directives		
Transposition and implementation of the Remedies Directive		

OBJECTIVE: Develop appropriate measures to improve the implementation of public procurement rules (e-procurement action plan, SMEs initiatives, consistency).

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Increased use of e-notices	75% electronic notices	Maximum use of e-notices
Ease of access of SMEs to public procurement contracts	At present, SMEs' success in public contracts above the EC Directives thresholds is estimated to be around 40% in value.	Facilitated access for SMEs to public procurement contracts

Main policy outputs

Report on the access of SMEs to public contracts
Ensuring consistency of different policy initiatives in areas such as environment, innovation or social policy with public procurement
Implementation of e-procurement action plan

OBJECTIVE: Ensure correct implementation and effective enforcement of the Community's rules on public procurement by all Member States in order to allow market participants to have equitable and non-discriminatory access to public contracts on an EU-wide basis.

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed all Directives relating to public procurement	23 out of 27 Member States have communicated transposition measures with regard to Directives 2004/17 and 2004/18.	Highest number of Member States having communicated transposition measures with regard to Directives 2004/17 and 2004/18.
Number of infringement cases handled satisfactorily ⁵	18 cases closed in 2007 and 12 cases sent in front of the European Court of Justice	Highest proportion of infringement procedures handled satisfactorily

Main policy output

Upstream discussions with Member States on transposition and implementation issues, followed, where necessary, by enforcement actions against Member States.
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⁵ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

2. KNOWLEDGE-BASED ECONOMY:

In the field of knowledge-based economy the most important tasks for DG MARKT will be the follow-up to the Commission's Communication of 3 April 2007 "Enhancing the Patent System in Europe" which should eventually deliver an integrated, efficient and accessible patent litigation system and a cost-effective Community patent. The latter Communication will be complemented by a Communication on "A new Strategy for Industrial Property Rights in Europe" which will set out a coherent framework for different Commission policies aiming at enhancing competitiveness and innovation. In the area of copyright DG MARKT will continue its efforts to modernise and adapt the legal framework with a view in particular to facilitate access to knowledge. New actions will also be launched to step up the fight against counterfeiting and piracy. Furthermore, DG MARKT will continue to ensure the free movement of qualified professionals with a view to facilitating the spread of knowledge as well as labour mobility.

OBJECTIVE: Modernise and develop the EU legal framework for industrial and intellectual property rights to promote a prosperous knowledge economy.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Clear rules in the field of industrial and intellectual property rights	n.a.	Efficient legislative framework
Main policy outputs		
Political agreement on an integrated Community litigation system for patents and a Community patent		
Communication on "A new Strategy for Industrial Property Rights in Europe"		
Preparation for a Commission regulation on the reduction of fees payable to the Office for harmonisation in the Internal Market		
Green paper on copyright in the knowledge economy		
Conclusion of negotiations on the Spare Parts Directive		
Implementation of the Enforcement Directive		

OBJECTIVE: Facilitate free movement of qualified professionals inside the EU.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Trend in migration of qualified professionals undergoing recognition procedures	18,930 requests for recognition in all professions (80% positive decisions, 12% negative, 8% pending)	Increase of positive decisions out of the total number of recognition requests, without prejudice to the merits of the requests introduced by migrants
Main policy outputs		
Preparation for Commission Directives amending Directive 2005/36 on recognition of professional qualifications		
Adoption of a Directive amending the comitology process in Directive 2005/36		

OBJECTIVE: Ensure effective enforcement of the Community's rules covering free movement of qualified professionals and on intellectual property.

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed Directive 2005/36 relating to free movement of professionals, and Directives relating to intellectual and industrial property	2 notifications under examination	Full and accurate transposition of Directives
Number of infringements cases handled satisfactorily ⁶	58 cases opened in 2007 30 cases closed and 9 sent in front of the European Court of Justice	High proportion of infringement cases handled satisfactorily
<i>Main policy outputs</i>		
Upstream discussions on transposition and implementation issues and management of complaints of infringement proceedings		
Study on the implementation of Directive 2004/48/EC on the enforcement of the intellectual property rights in the 12 New Member States		
Study on the implementation of Directive 2004/48/EC on the enforcement of the intellectual property rights in the 15 Old Member States		

⁶ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

3. INTERNAL MARKET FOR SERVICES:

The objective of the activity in this field is to ensure the completion and smooth functioning of the Internal Market as far as the right of establishment and the free provision of services are concerned. The activity is twofold: on one hand, to ensure the proper application by Member States of the “acquis communautaire”; on the other hand, to study and to propose all legislative and non legislative measures which appear to be useful and necessary to facilitate the above mentioned freedoms. The implementation of the Service Directive is a key priority in this area. Particular attention is paid to the postal sector as a highly regulated service of general economic interest, which is progressing towards full liberalisation.

The right of establishment and free provision of services provide a significant and increasing contribution to the Lisbon objective of competitiveness and have a very positive impact on the benefits citizen derive from a single integrated market.

OBJECTIVE: Promote the availability and affordability of high quality services throughout the EU.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Ease of provision of cross-border services	Situation as described in published reports and other sources such as: <ul style="list-style-type: none"> • Commission Report on the state of the internal market for services (COM/2002/0441 final); • Commission staff working paper on extended impact assessment of proposal for a directive for services in the internal market (COM/2004/2 final) 	Increased cross-border penetration of services
<i>Main policy outputs</i>		
Mid-term report on progress in the implementation of the Service Directive		
2 nd Application report on the Conditional Access Directive		
4 th Application report on the Postal acquis		

OBJECTIVE: Monitor and assist Member States in the further opening of postal services markets to competition, including through enhanced administrative co-operation.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Improvement in the quality of postal services (speed, reliability and choice)	Available data indicates continued improvements in the quality of services in the years 2004 and 2005	Increased ease of provision of quality postal services
<i>Main policy outputs</i>		
Report on the application of the Postal Directive (Directive 97/67/EC as amended by Directive 2002/39/EC)		
Adoption of an Amended Postal Directive, transposition plan and co-ordination with Member states and Stakeholders.		

OBJECTIVE: Develop and support mutual assistance and administrative cooperation between Member States in the internal market in order to support the implementation of the Professional Qualifications and Services Directives.

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of professions using IMI	0	A sufficient critical mass of professions so that IMI can be considered fully operational by end 2008.
Number of Competent Authorities registered in IMI	41	500 by end 2008
<i>Main policy output</i>		
Progress Report on the International Market Information System (IMI)		

OBJECTIVE: Promote choice, affordability and opportunity for business and consumers inside the Single Market through the implementation of an efficient and consistent enforcement policy

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed all Directives relating to free movements of services	27	Full and accurate transposition of Directives
Number of infringements cases handled satisfactorily ⁷	Total number of ongoing case:130 (of which 50% are priority cases)	High proportion of infringement cases handled satisfactorily
<i>Main policy output</i>		
Upstream discussions on transposition and implementation issues, and management of complaints and infringement proceedings		

⁷ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

4. CORPORATE ENVIRONMENT, ACCOUNTING, AUDITING:

This activity consists in building an integrated financial services and capital market in the European Union by delivering on the objectives set out in the White Paper on Financial Services 2005-2010 adopted in December 2005.

The DG therefore aims to ensure a sound and stable corporate environment by:

- simplifying and modernising company law requirements, in particular for SMEs;
- ensuring that best practice accounting standards are taken up in the EU and that these are applied in a consistent way; work towards use of equivalent accounting and auditing standards in third countries;
- ensuring appropriate regulation to enhance audit quality in the EU;
- promoting transparent corporate governance and rule on shareholders' rights;
- contributing to the fight against money-laundering;
- ensuring correct implementation and effective enforcement of the Community's rules on free movement of capital and on company law by all Member States.

OBJECTIVE: Contribute to the competitiveness of European business through an efficient EU company law framework, in particular through simplification of existing legislation and measures to enhance corporate mobility.		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Reduction in administrative burdens in the area of company law	A study is currently being conducted to determine the level of administrative burdens in the area	25% reduction by 2012
<i>Main policy outputs</i>		
Preparation of a proposal for changes to Company Law, Accounting and Auditing Directives to achieve simplification		
Proposal for a European Private Company Statute		

OBJECTIVE: Ensure comparability and transparency of company accounts throughout the EU and in third countries for the benefit of investors and other stakeholders, via the endorsement of IFRS.		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of companies using IFRS in the EU	Today 8,000 listed companies use IFRS in the EU	Greater use of IFRS by EU companies
Number of countries using IFRS	At present around 100 countries use IFRS	Increased number of countries using IFRS
<i>Main policy outputs</i>		
Endorsement of new IFRS accounting standards and interpretations		
Staff working paper on assessment of equivalence of third country GAAPs with IFRS in accordance with the Transparency and Prospectus Directives		
Consolidation of accounting standards and interpretations endorsed for use in the EU		

OBJECTIVE: Improve audit quality in order to ensure a high level of confidence in company reporting.

<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Number of independent oversight system in the EU	12	20
Number of audit networks with a significant market share in auditing listed companies	n.a.	Medium term
Main policy outputs		
Preparation of a Recommendation on Quality Assurance		
Preparation of a Recommendation on auditors' liability		

OBJECTIVE: Ensure free movement of capital in the EU by allowing all classes of investors to invest in any undertaking in the EU and by opposing inappropriate inward investment restrictions proposed by Member States.

<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Number of intra EU bilateral investment treaties modified or eliminated	0	Modification and elimination of intra EU bilateral investment treaties
Main policy outputs		
Report on Third country investment in the EU		
Annual Report to the Economic and Financial Committee on the free movement of capital		

OBJECTIVE: Ensure correct implementation and effective enforcement of the Community's rules on company law and statutory audit by all Member States in order to ensure transparent company reporting and to uphold shareholders' rights.

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed all company law Directives	17	Full and accurate transposition of Directives
Number of infringements cases handled satisfactorily ⁸	32 cases closed in 2007	High proportion of infringement cases handled satisfactorily
Main policy output		
Upstream discussions on transposition and implementation issues, and management of complaints and infringement proceedings		

⁸ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

5. FINANCIAL MARKETS:

This activity consists in building an integrated financial services and capital market in the European Union by delivering on the objectives set out in the White Paper on Financial Services 2005-2010 adopted in December 2005. In 2004, financial services generated €489.4 billion of value added, which represented 5.2 % of the total gross value added at basic prices in the EU-25. More importantly, the financial services sector functions as a 'transmission belt' of the economy, allocating capital to those who can use it most effectively and thus contributing to the long-run economic performance.

The DG's aim is to provide an effective competitive and legal framework for the development of the EU's capital market by:

- establishing clear rules for trading and for the conduct of investment and securities business both on and off exchanges;
- seeking to integrate the EU's clearing and settlement systems and lower cross-border costs;
- improving the efficiency and legal framework for investment funds;
- driving forward the EU's dialogues on financial market regulatory issues with third countries;
- promoting supervisory cooperation and convergence within the EU

OBJECTIVE: Seek to integrate the EU's clearing and settlement systems and lower cross-border costs.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Progress in dismantling the 15 Giovannini barriers	Currently around 60% of the process has been accomplished	All barriers dismantled by 2011
Reduced segregation, increased interoperability and/or consolidation of the EU post-trading sector	Requests for interoperability between systems is up. Common settlement platforms are being set up	Less segregated, more coherent, safer and more efficient post-trading environment by 2015
<i>Main policy outputs</i>		
Modification to the Settlement Finality and Financial Collateral Directives		
Third Council Report on Clearing and Settlement		
CESAME Final Report and follow-up work		
Legal Certainty Group final report		

OBJECTIVE: Promote stability, transparency and trust in financial markets through convergence of supervisory practices in order to create a level playing field for financial market participants across the EU.		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Strengthened cooperation/coordination and day-to-day working arrangements between national supervisors.	Test cases underway in CEBS for establishment of colleges of supervisors for 10 out of 45 cross-border banking groups. 120 colleges of supervisors exist for cross-border insurance undertakings.	Convergence of supervisory practices in the EU over the medium term
Speedy adoption of level 3 measures (on basis of qualified majority voting)	n.a.	Quicker decision-making in CEBS and CEIOPS
<i>Main policy outputs</i>		
Implementation to the ECOFIN conclusions on the Lamfalussy Review		
Report on non-equity transparency under Markets in Financial Instruments Directive		
Commission working paper on fraud prevention		
Commission Report on Commodity Derivatives under Markets in Financial Instruments Directive and the Capital Requirements Directive		
European Financial Integration Report		

OBJECTIVE: Ensure correct implementation and effective enforcement of the Community's rules on securities markets by all Member States in order to promote effective competition.		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed all Directives relating to securities markets	18	Full and accurate transposition of Directives
Number of infringements cases handled satisfactorily ⁹	2007 to date: 49 cases opened in 2007 – 51 in total (2 opened in 2006) 2 closed and 19 closures pending in 2007 (decision on 11 December 2007) 28 cases remain open	High proportion of infringement cases handled satisfactorily
<i>Main policy output</i>		
Upstream discussions on transposition and implementation issues, and management of complaints and infringement proceedings		

⁹ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

6. FINANCIAL INSTITUTIONS

This activity consists in building an integrated financial services market in the European Union by delivering on the objectives set out in the White Paper on Financial Services 2005-2010 adopted in December 2005.

The DG's aim is to promote competition, stability and efficiency in wholesale and retail banking markets, in insurance markets and payment systems, by:

- creating a competitive and efficient framework for payments and payment service providers;
- modernising the existing legal framework for pan-European financial service providers, inter alia by revising the requirements for market access and cross-border activities in the fields of payments, insurance, pension funds, retail products and prudential supervision;
- promoting best-practice international regulatory standards in the EU, by implementing agreed standards promulgated by the IAIS for insurance, the G-10 Joint Forum for financial conglomerates, and the G-10 Basel Banking Supervision Committee;
- seeking to enhance consumer confidence and financial stability in a more competitive EU prudential framework and retail financial services markets through prior interpretation and clarification efforts with Member States and industry, rigorously checking national transposition laws and vigorously pursuing infringement cases;
- ensuring consistent application of EU law by Member States and encouraging convergence of supervisory practices in the EU through the 'level 3' committees of supervisory authorities (CEIOPS for insurance and CEBS for the banking sector);

OBJECTIVE: Promote competition and stability in banking, insurance, pensions and payment services markets in the EU.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Number of banking defaults with minimum market disruption	Practical experience in summer 2007 shows more work needs to be done	Low number of banking defaults
<i>Main policy outputs</i>		
Preparation of Amendment of Capital Requirements Directive 2006/48/EC and 2006/49/EC		
Follow-up to ECOFIN conclusions of 9 October 2007 on financial stability as a policy response to credit market turbulence		
Follow-up to ECOFIN conclusions of 9 October 2007 on crisis management of cross-border banking groups		
Introduction of new solvency regime for insurance and reinsurance undertakings		

OBJECTIVE: Develop legal and market conditions that allow consumers access to high-quality retail financial services and modern payment services throughout the EU.

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Consumer confidence in EU financial services.	24% of consumers state that they lack information about opportunities to use financial services from other Member States. 12% of consumers state that concerns about whether their rights will be upheld in another Member State is a barrier	Confident and empowered consumers
Proportion of cross-border funds compared to total number of funds	51.6% in 2006	Increase of cross-border marketing of investment funds/UCITS
Availability and competitiveness of SEPA payment products	No SEPA products yet available	SEPA compliant credit transfers available from 1.01.2008 and direct debit from November 2009
Main policy outputs		
Development of a Single Euro Payment Area (SEPA)		
Follow-up to Mortgage Credit White Paper		
Follow-up to the Single Market Review on retail financial services: - Customer mobility initiative - Retail insurance initiative - Consistency of disclosure and point of sale regulations - Financial education and inclusion, including establishment of stakeholders group on financial education		
Amendment to the UCITS Directive		
Report on non-harmonized retail funds		
Communication on private placement		

OBJECTIVE: Ensure correct implementation and effective enforcement of the Community's rules on financial services by all Member States in order to allow companies and citizens to benefit from innovative and competitive financial products.

<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Number of Member States having transposed all Directives relating to payments services and financial institutions	4	Full and accurate transposition of Directives
Number of infringements cases handled satisfactorily ¹⁰	44 cases closed in 2007	High proportion of infringement cases handled satisfactorily
Main policy output		
Upstream discussions on transposition and implementation issues including through websites, and management of complaints and infringement proceedings.		

¹⁰ Infringement cases handled "satisfactorily" are those where the DG has either been able to close the case following successful discussions with the Member States involved or where a decision has been taken to bring a case before the European Court of Justice.

7. EXTERNAL DIMENSION OF THE INTERNAL MARKET:

The DG aims to ensure that international developments are taken into consideration in Internal Market policies. Regulatory dialogues with a number of key third countries take place in order to promote convergence of regulatory systems internationally and pursue EU interests globally as the Commission seeks to dialogue with other countries to ensure regulatory convergence for the benefit of EU firms.

The DG also aims to ensure that the underlying principles of the Internal Market are appropriately reflected in the context of negotiations on international agreements, whether multilateral or bilateral. In addition, the DG actively contributes to EU accession negotiations with candidate countries, and to the different processes with the Western Balkan countries and with countries falling under the European Neighbourhood Policy.

OBJECTIVE: Seek to ensure effective application of the Single Market acquis by candidate countries in order to ensure that citizens and business in those countries and in existing Member States can reap the full benefit of the Single Market upon their accession.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Progress made on legislative alignment to the Internal Market (administrative capacity and enforcement record)	See Enlargement Package, November 2007	Maximum possible alignment on the acquis and its application
Main policy output		
EU enlargement policy: negotiations with Croatia and Turkey in DG Internal Market and Services areas of competence (6 full chapters + 1 partial chapter)		

OBJECTIVE: Promote approximation to the EU's internal market rules in Western Balkan (WB) and European Neighbourhood Policy (ENP) countries to the mutual advantage of citizens and businesses in the EU and in those countries.		
<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Degree of Implementation of Agreements and Action Plans by the countries concerned	See Enlargement Package, November 2007 and "A Strong European Neighbourhood Policy" COM(2007) 774 final 5 December 2007	Maximum possible alignment on the acquis and its application, in the context of commitments made in Stabilisation and Association Agreements and ENP Action Plans
Main policy outputs		
DG Internal Market and Services contribution to preparation and implementation of Stabilisation and Association Agreements (SAAs) with WB countries		
DG Internal Market and Services contribution to implementation of Partnership and Cooperation Agreements (PCAs) and Association Agreements in the framework of the European Neighbourhood Policy		

OBJECTIVE: Offer EU companies and citizens better opportunities in the global economy by promoting EU interests in regulatory dialogues, bilateral and multilateral negotiations, in standard-setting bodies, and seek to ensure best regulatory practice at international level.

<i>Result Indicator</i>	<i>Latest known result</i>	<i>Target</i>
Acceptance of EU positions in international discussions		Evidence of the take-up of EU regulatory approaches in third countries
<i>Main policy outputs</i>		
Financial Markets Regulatory dialogue with the US and regulatory dialogues with major trading partners (U.S., Japan, China, India, Russia) on single market issues		
Regulatory dialogue on Mutual Recognition Agreement with US on professional qualifications in the field of architectural services		
Possible Commission Decision to adopt horizontal criteria concerning the adequacy of third country audit oversight		
Report on mutual recognition of the supervision of securities markets with US		
Participation in negotiations on deep Free Trade Agreements with regulatory components with selected ASEAN countries, South Korea, Mercosur, India, Russia and the Gulf Co-operation Council		
International negotiations concerning GATS (General Agreement on Trade in Services) and GPA (Government Procurement Agreement)		