

DG Internal Market and Services

Management Plan 2010

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PERSONAL MESSAGE FROM THE DIRECTOR-GENERAL

As a new Commission begins its mandate, DG MARKT's work will be shaped by the political guidelines of the President and the EU 2020 strategy which outline a number of ambitious initiatives to drive recovery from the crisis, boost new sources of growth and social cohesion, and put citizens at the heart of the European project. Many of these initiatives fall under DG MARKT's responsibility.

As outlined by Commissioner Barnier in his confirmation hearings at the European Parliament, one of our main priorities for the coming year will be to build on the single market and identify where improvements could be made that will have a real impact on peoples' lives, drawing as necessary on the findings of the report being prepared by former Commissioner Mario Monti. There is still a wealth of untapped potential in the single market and we will need to present new initiatives that are of direct benefit to citizens, consumers and businesses. We will need to deepen our understanding of the functioning of markets, analyse data and draw on the opinions of all relevant stakeholders. Indeed, expanding our stakeholder base will be important to help us define initiatives that will be meaningful and relevant for all citizens.

Hand in hand with this project to reinvigorate the single market will be a major project on the part of the DG and Member States to galvanise the single market for services with the entry into force of the Services Directive. A review of national legislation on services will take place and administrative cooperation between Member States will be stepped up so that business will have greater confidence in providing their services across borders and – crucially – consumers will also have more confidence to buy services on a cross-border basis. We will also endeavour to protect the integrity of the single market where necessary through targeted and rapid action with Member States.

Whilst much has already been done to enhance confidence in EU financial markets, we plan to deliver further initiatives that will improve transparency and stability to enable a successful exit from the crisis. The planned legislative proposal to improve transparency and stability in derivatives markets, along with the legislative initiative on short selling and the review of the Market Abuse Directive will remedy weaknesses in this area. At the same time, a new EU supervisory architecture should be put in place in 2010 and we will present initiatives on an effective and efficient cross-border crisis management in the banking sector as well as a further revision of the Capital Requirements Directive to increase the level and quality of capital held by banks. And of course, the interests of consumers of financial services must be central to any new regulation. Our focus will therefore continue to be on putting people first in financial markets. In this respect, work on enhanced depositor and investor protection schemes and selling practices for retail financial products will continue alongside new initiatives on responsible lending and borrowing, including on mortgages. In order to ensure long term employee and consumer trust, we also need to promote a culture of corporate responsibility. We will look at the incentives and pay structures of those working in the financial sector, as well as the quality of corporate governance at board level, in general, to ensure that companies are soundly managed for the benefit of all stakeholders and society at large.

Public procurement policy must also respond to new challenges arising from the economic crisis and the need for responsible public sector purchasing to keep pace with societal change. We will therefore consider measures on concessions to provide more clarity and legal certainty with regard to the aware of these contracts, and facilitate the pooling of public and private funds. Furthermore, we will provide guidance on how public sector purchasers can use the €2,000 billion spent on public procurement every year to fight climate change and social exclusion, and encourage the development of new technologies.

2010 also needs to be the year when the DG makes a major contribution to the so-called "knowledge triangle" of innovation, research and education, and we will endeavour to strengthen and modernise the EU framework for intellectual property rights. Our work on the patent reform package and a proposal on translations of future EU patents will be of major importance. We will also consider modernisation of the trade mark system and pursue the fight against breaches of intellectual property rights with the roll-out of the European observatory on counterfeiting and piracy. And expanding the European knowledge base will be helped through new initiatives facilitating the digitalisation of books and the development of digital libraries. Likewise, the free movement of citizens holding professional qualifications can play a pivotal role in developing our knowledge-based society. We will begin an evaluation of EU law in this area, some of which dates back 30 years, in order to consider changes and improvements that could allow citizens to make the most of the single market in this area.

On the international scene, our commitment to maintaining an open trading environment at the service of EU citizens means that the DG will continue to play an active role in the G20 and in regulatory dialogues with our major trading partners. We will also be closely involved in enlargement negotiations with Croatia, Iceland, Turkey and others, and in trade negotiations with third countries.

This DG operates under considerable political pressure and scrutiny. A major challenge for us will therefore be to continue to maintain the quality of our impact assessments and legislative proposals, which we are often required to deliver rapidly. The commitment of staff to producing high-quality work, and their commitment to maintaining high standards of professional ethics, are indispensable for the credibility of the DG's work and its reception in the public domain. We will aim to continue to deliver to the highest standards in 2010, in an environment that we anticipate will be every bit as challenging as it was in 2009.

Jörgen Holmquist
Director-General
DG Internal Market and Services

MISSION STATEMENT

The DG's mission is to develop and maintain a dynamic and open European single market. We aim to provide a regulatory environment that enhances competitiveness in the global economy, stimulates innovation, and promotes financial stability. We also aim to improve the range and quality of products and services available at competitive prices throughout the single market in order to deliver higher living standards, better job opportunities, and a prosperous economic future for all citizens.

LONG-TERM OBJECTIVES OF THE DG

In order to meet the goals set out in the mission statement of the DG, a number of long-term objectives have been established by the senior management team. The intention is to keep these objectives stable over a number of years.

However, these objectives are not pipe dreams. We measure our progress towards meeting them, and to do so, we have agreed on a number of indicators that are designed to provide a picture of how the DG contributes to impacting the single market and society as a whole. As the impact indicators are designed to give an overall picture of economic reality in the Single Market under areas of DG MARKT's responsibility, the DG 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.

As regards indicators' results, progress towards reaching our objectives has been to a large extent influenced by the financial crisis and its negative effects on the economy. Our indicators therefore paint a mixed picture of progress in the single market. Some indicators show a negative development over 2008 and 2009 (e.g. financial stability indicators) or only marginal improvement (Integration of services). The financial stability indicators improved their results during the course of 2009 but they are still far off pre-crisis levels. On the other hand, some single market indicators that are directly linked to the DG's work show a more positive trend (e.g. number of cases handled by SOLVIT, the on-line problem solving network, or convergence in financial regulation through G20 and FSB process).

1. Promote competition by creating an efficient regulatory framework on the basis of economic evidence in order to deliver tangible benefits for all citizens, consumers and business.

What is our target?	How do we measure our progress?	What is the current situation?
Year on year increase (decrease in the coefficient of variation)	Price convergence between EU Member States	Comparative price levels are a proxy for integration in the single market, and look at variations in prices for goods between Member States. They can be obtained by looking at the ratio between purchasing power parities (PPPs) and market exchange rates for each country. If the coefficient of variation of the comparative price levels for the EU decreases/increases over time, then national price levels in the Member States will be shown to be converging/diverging. <u>EU 25</u> : In 2007 = 23.8; in 2008 = 21.6 <u>EU 27</u> : In 2007 = 26.2; in 2008 = 24.3 2009 data will become available in 2010 and will be able to show the effect of economic crisis on price convergence. (Source: Eurostat)
Year on year increase of level of openly advertised public procurement	Value of public procurement advertised in the Official Journal in absolute figures and as a % of GDP	The value of public procurement advertised was in 2006: 377 billion € / 3.28% of GDP; and in 2007: 367.2 billion € / 2.97% of GDP. (Source: DG MARKT C.4.)
Year on year decrease	Cost of obtaining patent protection (reference: Average cost of obtaining European Patent ¹)	In 2007, the average cost of obtaining a European patent was €32,000. Data is not yet available on the average cost of the European patent in 2008. However, a decrease in the cost is expected thanks to the entry into force of the London Agreement on translations of patents on 1.5.2008. Any savings will therefore be mainly attributable to a reduction in translation of texts and to an exemption from tax for publication and patent attorneys' honorary fees in some Member States. (Source: DG MARKT D.2.)
3% of GDP invested in R&D by 2020	Percentage of EU GDP invested in R&D	R&D spending in Europe is below 2% of EU GDP in 2010. (Source: Europe 2020 Strategy, page 10)

2. Open up markets and improve their functioning in order to deliver tangible benefits for all citizens, consumers and business.

What is our target?	How do we measure our progress?	What is the current situation?
Year on year increase in intensity of investment within the European Union	Foreign Direct Investment intensity ²	Intra-EU 27 Foreign Direct Investment flows represented in 2006 = 2.3% of GDP, in 2007 = 3.8% of GDP and in 2008 = 2.2% of GDP. The decrease in 2008 might be confirmed for 2009, too, as figures for 2009 become available. (Source: Eurostat)
Annual increase	Trade integration of services ³	Intra-EU 27 trade of services in 2006 = 3.6% of EU GDP, in 2007 = 3.7% of EU GDP, in 2008 = 3.9% of EU GDP and in 2009 = 3.8%. (Source: Eurostat)

1 Average cost of European patent - 18 pages, validated in 6 States (DE, ES, FR, UK, IT, CH) and valid for 10 years.

2 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.

3 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 and subsequent pro-competitive effects driven by increased import competition.

What is our target?	How do we measure our progress?	What is the current situation?
Increase to at least 75% employment rate of the population aged 20-64 by 2020	Employment rate of the population aged 20-64	The employment rate in 2010 is 69% of the population aged 20-64. (Source: Europe 2020 Strategy, page 5)
Reduce by 25% the number of Europeans living below the national poverty lines (lifting over 20 million people out of poverty).	Number of Europeans living below the national poverty lines ⁴	80 million people were at risk of poverty prior to the crisis. (Source: Europe 2020 Strategy, page 16)

3. Modernise the governance of the Single Market, in particular by promoting partnerships with and between Member States.

What is our target?	How do we measure our progress?	What is the current situation?
1 % for all Member States	Average transposition deficit ⁵ .	In May 2009, 18 Member States had an overall transposition deficit of 1%. However, the deficit for directives in DG MARKT's areas of responsibility as measured on 8 December was 2.1%. (Source: DG MARKT, B3; Internal Market Scoreboard, July 2009)
Year on year increase in SOLVIT cases	Number of cases handled by SOLVIT ⁶ .	In 2007 SOLVIT handled 819 cases, in 2008 it was 1000 and in 2009 1540 cases. (Source: DG MARKT, Task Force SMAS)

4. Enhance stability in financial markets.

What is our target?	How do we measure our progress?	What is the current situation?
Indicator returning to pre-crisis reference values.	Cost of protection of financial institutions against default	Before the financial crisis started, the cost of protection of financial institutions against default had a ceiling of 10 basis points for senior financials and 15 basis points for subordinated financials. In early May 2010, the cost of protection of financial institutions against default risk was 149 basis points for senior financials (peaked at 210 basis points in March 2009) and 220 basis points for subordinated financials (peaked at 408 basis points in March 2009). (Source: DG ECFIN)
Indicator returning to pre-crisis reference values.	Inter-bank market spreads, measuring the scarcity of liquidity	Before the financial crisis started, the average spread for unsecured lending rates versus overnight indexed swap rates was less than 10 basis points. In early May 2010, the spread was 25 basis points, down from a peak of 196 basis points on 10 October 2008 and 161 basis points in December 2008. The present level is below that prevailing before the collapse of Lehman Brothers (i.e. 63 basis points on 12 September 2008). (Source: DG ECFIN)
Indicator returning to pre-crisis reference values.	The spread between interest rates on corporate and government bonds	Before the financial crisis started, the spreads (measured in basis points) had fallen to very low levels. In early May 2010, the spreads were recorded as follows: For AAA rated corporates: 75 bps (under 16 bps pre-crisis) For AA rated corporates: 119 bps (under 25 bps pre-crisis) For A rated corporates: 125 bps (under 40 bps pre-crisis) For BBB rated corporates: 171 bps (under 66 bps pre-crisis) (Source: DG ECFIN)

5. Cooperate to set global standards and ensure a coherent representation of single market policies in the DG's discussions with 3rd countries.

What is our target?	How do we measure our progress?	What is the current situation?
More equivalence and mutual recognition agreements, including with G-20 countries.	Convergence with single market rules and adoption of EU endorsed international standards	G20/FSB process creating pressure for greater convergence in financial regulation. (Source: DG MARKT, B.4.)

⁴ The national poverty line is defined as 60% of the median disposable income in each Member State.

⁵ i.e. the percentage of Internal Market directives not yet communicated to the Commission as having been transposed, in relation to the total number of Internal Market directives which should have been transposed

⁶ SOLVIT is an on-line problem solving network in which EU Member States work together to solve without legal proceedings problems caused by the misapplication of Internal Market law by public authorities.

POLICY FIELDS OF THE DG

1. SINGLE MARKET POLICY: OBJECTIVES FOR 2010

The single market is one of Europe's signature achievements. It has allowed the EU to create a single market place across 27 nations through a process of agreeing on appropriate standards and regulations for products and services that enable them to be sold across the EU. The single market has brought growth and prosperity to Europe. However, in some Member States, it has come under pressure from a protectionist response to the financial crisis and, indeed, it could do more to deliver growth and jobs.

In his political guidelines, President Barroso therefore identified the single market as a key factor in renewed growth in Europe. It also plays a key role in delivering the 'Europe 2020' objectives. A major analysis of the single market will therefore be launched in 2010, in particular to identify areas where citizens and businesses are not reaping the full benefits from integrated markets.

Objective: Identify and tackle gaps in the single market

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Setting up dialogues with consumer, civil society and trade union organisations to improve our understanding of the balance of interests when shaping policy	Progress in establishing dialogues with stakeholder groups	6 forums with new stakeholder groups held in 2009, with more planned for 2010

Key activities

- Deliver a strategic Commission Work Programme initiative 'Relaunch of the single market' for the European Council to follow up the Europe 2020 Communication and the Monti Report. It will provide a diagnosis of missing links in the single market and a roadmap for the re-launch of the single market in 2012. It will be followed by a White Paper on re-launch of the Single Market which will be delivered in 2011 setting out concrete initiatives. Both initiatives will contribute to the delivery of the 'Europe 2020' objectives.
- Develop a strategy to improve the application of single market rules in Member States, building on existing instruments such as the Internal Market Scoreboard and exchanges of best practice between the Commission and Member States.
- Conduct an online survey among EU citizens on single market obstacles in order to create a catalogue of obstacles to the single market as experienced by EU citizens in their daily lives.
- Consult citizens, stakeholders and eminent persons in order to identify gaps as perceived by wide range of stakeholders, citizens, businesses and selected persons at national level.
- Prepare an evaluation of the impact of single market policies on stakeholders that are not normally targeted by DG MARKT (e.g. SMEs, local authorities) in order to obtain information on how the single market affects these groups.
- Creation of a Stakeholder Dialogue Group in order to broaden the range of stakeholders involved in shaping policy on single market issues.
- Organization of a conference cycle with representatives of major stakeholders in order to provide DG MARKT staff with direct exposure to a wide range of stakeholders and to widen their perspective.

Objective: Promote the Better Regulation agenda by ensuring that policy proposals are well prepared and based on sound evidence

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
All impact assessments cleared by the Impact Assessment Board at first reading	High-quality impact assessments carried out on all important initiatives	Only one formal resubmission requested by the IAB in 2009 (on the Alternative Investment Fund Managers proposal)
25% reduction in the cost of administrative burdens by 2012	Reduction of administrative burdens for business	In the area of annual accounts and company law, 9% reduction of administrative burden was realized in adopted measures and 47% reduction in proposed measures. In the area of financial services, 15% reduction of administrative burden was realized in adopted measures. In the area of public procurement, 15% reduction of administrative burden was realized in adopted measures and 22% reduction is planned in measures under preparation.
5000 active companies by end of 2010	Number of active panel members on the European Business Test Panel	Around 2000 active companies as of September 2009

Key activities

- Manage the European Business Test Panel in order to improve policy making by collecting facts and views from individual businesses from all Member States and economic sectors.
- Prepare high quality impact assessments to support DG MARKT proposals in order to increase quality of proposals and their acceptance by stakeholders.
- Prepare evaluations of legislative instruments in order to increase the evidence base for future policy making and provide data for external communication purposes.
- Screen single market legislation and identify possible candidates for simplification in order to make single market rights easier for citizens and business to exercise.
- Identify areas for possible reduction of administrative burdens in order to deliver savings to business.

Objective: Promote choice and opportunity for businesses and citizens by providing them with information on how to exercise their single market rights

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ⁷ for DG MARKT Directives	1.9%
90% of cases respecting the benchmark	Respect of Commission benchmarks for speed of handling infringement cases	80% of cases respecting the benchmarks at the end 2008, 90% by October 2009
Increase in case flow year on year	Awareness of the Citizen's Signpost Service (CSS) and SOLVIT (alternative dispute resolution mechanism).	Cases received: CSS: 2009 – 11,553 cases, 2008 – 10,564 cases. SOLVIT: 2009 – 1540 cases, 2008 – 1000 cases.

Key activities

- Monitor the implementation of the DG's recommendations on enforcement policy.
- Prepare two Internal Market Scoreboards in order to examine how quickly and how well each of the Member States writes single market directives into national law.
- Report on the functioning of SOLVIT in order to inform the Council and the European Parliament about its achievements and of measures needed to strengthen the network.
- Prepare a progress report on the implementation of the Single Market Assistance Services action plan.
- Delivery of the Citizen's Signpost Service and an annual report on the CSS in order to help citizens understand their rights in the single market.
- Launch of a restructured "Your Europe" web portal in order to create a single entry point for all Single Market Assistance Services so that citizens can find information on the single market in their own language by the end of 2010.

Main expenditure-related outputs in 2010

Evaluation of Single Market from viewpoint of specific constituencies

Framework contract for evaluations and impact assessments

Delivery of Citizens Signpost Service

Conformity checks between EU and national legislation

Total projected cost: €3,100,000

Single Market Assistance Services costs: €800,000

⁷ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

2. PUBLIC PROCUREMENT: OBJECTIVES FOR 2010

Public authorities in the EU spent over 17% of GDP on supplies, works, and services in 2007. That is a significant portion of economic activity in the EU. It is therefore important that public contracts are tendered fairly and openly to ensure best value for money for taxpayers. EU public procurement Directives therefore require transparent and non-discriminatory procedures for the award of contracts. Public procurement is also used as a tool to foster the demand for innovative, environmentally friendly or socially responsible products or services. Public purchasers can have an important impact in stimulating technological development, fighting climate change and reducing social exclusion. As a result, public procurement plays an important role in the 'Europe 2020' Strategy. The initiatives planned to be delivered in the coming years will contribute to achieving the objectives of 'smart and 'green' growth.

In the short term, a major challenge for EU public procurement policy arises from the need to cope with the economic crisis. DG MARKT fully supports Member States in their efforts to simplify national procurement procedures in response to the crisis so as to ensure that public money finds its way into the real economy as quickly as possible. However, attention must be paid that the crisis is not used as pretext to close procurement markets to non-local suppliers or that concerns about administrative burdens are used to dilute important principles of EU procurement legislation. Contracting authorities are steadily making the transition to electronic based procurement and the economic crisis has also given new urgency to ongoing efforts to implement electronic procurement as a way of reducing costs in procurement procedures. DG MARKT is playing an active role in promoting e-procurement.

A key priority for the coming years will be the evaluation and modernisation of the EU public procurement legislative framework in order to ensure that EU procurement policy successfully responds to current challenges. A general review of the relevance, effectiveness and efficiency of the existing Directives is scheduled for 2010-2011.

Objective: Facilitate access to public contracts on an EU-wide basis

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Increased proportion of contracts won by SMEs	Increased number of candidates and bidders in award procedures	At present, SMEs' success in winning public contracts above the thresholds set out in the Directives is estimated to be around 40% of the total value of all public above-threshold contracts. More precise data will be available in 2010 when a study covering this topic run by DG ENTR is going to be finished.
Year on year increase in advertised public procurement opportunities	Value of public procurement advertised in the Official Journal in absolute figures and as a % of GDP	In 2006, the value of advertised public procurement was estimated at € 376.9 billion, of 3.28% of GDP. In 2007, in EU 27, the value was estimated as € 367.2 billion, or only 2.97% of GDP.
Increase in competition and savings	Increased competition and savings due to procurement policy	Approximately 5% savings in 2008

Key activities

- Prepare Initiative on Concessions, to provide legal certainty as to the rules governing the award of concession contracts in Member States.
- Follow up the European Code of Best Practice in order to ensure the widest possible access of SMEs to public procurement, and the Communication on Institutionalised Public Private Partnerships to enhance awareness of the application of procurement law to public-private undertakings. The DG will also prepare an analytical document on public-public undertakings in order to draw a clear distinction between those forms of public-public entities that fall under EU law on public procurement and concessions and those that do not. The DG will also continue to operate the mailbox on social services of general interest and public procurement.
- Preparation of evaluation of EU procurement policy, involving a programme of desk research, studies (e.g. on effectiveness of procurement procedures), questionnaires and interviews with national authorities.
- Management and exploitation of Tenders Electronic Daily (TED) and MAPPS databases (the databases of procurement contracts advertised in the Official Journal) in order to obtain reliable and instructive information on the value and types of procurement opportunities available on an EU-wide basis.
- Pursue a reduction in administrative burdens related to public procurement procedures and facilitating participation of SMEs in procurement markets.

Objective: Contribute to the "EU 2020" objective of Smart growth

What is our target?	How do we measure our progress?	What is the state of play?
Open and non-discriminatory access to public contracts that take better account of social and environmental considerations and promote innovation	Number of contracts awarded on a non-discriminatory basis that take account of social and environmental considerations and promote innovation	Social and environmental considerations and the promotion of innovation can already be taken into account by public purchasers under current rules. However, contracting authorities need to better understand the instruments at their disposal.

Key activities

- As part of the 'Europe 2020' flagship initiative *Innovation Union*, prepare a Communication on public procurement with focus on how public authorities could make use of public procurement rules to achieve "Europe 2020" priorities: innovation, low carbon investment, social affairs, energy efficiency, etc.
- Continue to provide input and policy advice on public procurement to other DGs in order to assist them in preparing related policies.

Objective: Create a truly European Defence Equipment Market

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Overcoming the national fragmentation of defence equipment markets	Level of Defence Equipment Market integration and openness, to be measured via EU-wide publication rate (TED) and annual reports of the European Defence Agency over the coming years.	National fragmentation of Defence Equipment Market (only 12% of defence procurement in the EU is published via TED, only a small part (under 10%) of these purchases published EU-wide concern war-like material).

Key activities

- Develop a common understanding amongst Member States of the principles of fair and open Defence equipment markets via the transposition of Directive 2009/81/EC on defence and security procurement.
- Ensure the gradual phasing-out of anti-competitive public purchasing practices of defence and security equipment.
- Contribute to the establishment of a European-based system of security of supply and security of information in cooperation with DG ENTR and the European Defence Agency (EDA).

Objective: Develop e-procurement through an appropriate EU legal and policy environment

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Increased use of e-notices	Percentage of notices transmitted electronically	75% of notices in 2007 and 89% of notices in 2008 were transmitted electronically.
Increased availability of e-procurement platforms/procedures	Number of e-procurement platforms operating in the EU	At present, there is an average of 1 e-procurement platform per Member State

Key activities

- Complete an evaluation of the e-procurement action plan and the effectiveness of EU legal and policy actions. This will involve studies, extensive data research and data gathering in order to provide a comprehensive picture of the development of e-procurement, obstacles to migration to electronic purchasing and to identify further policy action.
- As part of the 'Europe 2020' flagship initiative *Digital Agenda for Europe*, deliver Green Paper on steps to promote e-procurement in order to define steps to facilitate the use of e-procurement and to remove obstacles to cross-border e-procurement. Drawing conclusions following the consultations on the basis of the Green Paper, a White Paper on e-procurement will be delivered in 2011.
- Monitor the progress and application of the PEPPOL pilot project to develop solutions to support cross-border inter-operability between buyers and sellers in e-procurement markets.
- Launch the e-CERTIS system to assist contracting authorities and operators in the identification and verification of certificates and attestations frequently used in procurement procedures.

Objective: Ensure correct implementation and effective enforcement of EU rules on public procurement by all Member States

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ⁸ for all relevant Directives	2008: 1.4% 2009: 0%
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 163 cases closed 2009: 118 cases closed (out of which 24 were considered a priority)
Increase in number of cases solved using alternative redress mechanisms compared to 2009	Number of cases closed using alternative problem solving mechanisms (e.g. SOLVIT, EU PILOT, modification of draft laws)	EU PILOT: 9 cases closed in 2008, 18 cases closed in 2009.
Timely adoption of the requests.	Number of requests to exempt utility operators from application of EU procurement Directives adopted on time	Number of requests received from 2005 to 2008 was 11; they were all adopted on time. Number of requests received in 2009 was 8; 6 were on time and 2 are still pending but planned to be adopted in 2010 still within the deadline and therefore on time.

Key activities

- Provide assistance to Member States on national transposition measures for Directives in order to ensure correct transposition, in particular Directive 2009/81/EC on defence equipment procurement.
- Verification of compliance with EU Treaty provisions, regulations and decisions.
- Investigate complaints and initiate infringements proceedings as appropriate.
- Verification of public procurement activities in the context of state aid and EU funding programmes managed by other DGs.
- Analysis and treatment of requests for exemption of utilities from procurement directives under Article 30 of Directive 2004/17/EC in cases where sufficient competitive pressures exist.
- In addition, the DG will conduct contacts with Member States on measures taken in response to the financial crisis in the field of public procurement, and review the implementation of the Common Procurement Vocabulary.

Main expenditure-related outputs in 2010

Study on the use of public procurement to achieve environmental, social and innovation objectives

Study on effectiveness of procurement procedures

Total projected cost: €1,050,000

⁸ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

3. KNOWLEDGE-BASED ECONOMY: OBJECTIVES FOR 2010

The Europe 2020 Strategy identifies innovation as key to achieving 'smart' growth in Europe. Intellectual property rights, i.e. copyright and so-called industrial property rights, such as patents, trademarks and designs, are intended to ensure an adequate return on investment in artistic or intellectual creation or in technological research, development and innovation. IPR are therefore vital for the development of arts and knowledge, economic and technological progress. However, whilst IPR protection works well at national level, a true single market for copyright or patent protection in the EU has only been created with respect to certain forms of copyright, but not for others. This gap is particularly acute in those forms of copyright that are collectively managed. The lack of an EU wide licensing infrastructure for collectively managed copyright, for example, means that entrepreneurs, businesses and artists must seek protection for their work and innovations in each Member State separately.

Work on both an EU level patent and a unified patent litigation system (creation of a European Patent Court) is well advanced, but efforts still need to be made in the coming years to bring the project to fruition. Other obstacles to the functioning of the single market concern the current fragmented framework for the digitisation of protected works and the online dissemination of knowledge, which affect the development of European digital libraries. Equally, the absence of suitable cross-border licensing infrastructures for collectively managed copyright hinders the emergence of a European digital marketplace. One of our priorities is to step up the fight against counterfeiting and piracy with a number of new initiatives such as a European Observatory on Counterfeiting and Piracy, new structures for cross-border administrative co-operation and voluntary inter-industry co-operation.

Professional qualifications for technical, legal and health professions play an important role in the so-called "knowledge triangle" of education, research and innovation. However, national rules on professional qualifications can hamper the free movement of professionals. A Directive from 2005 consolidates and modernises the European legal framework for the recognition of professional qualifications across the EU. However, more work is needed and an evaluation of the implementation of the Directive in Member States and its impact on the free movement of professionals in the coming years may reveal the need for further legislation.

Objective: Increase the online availability of creative works and knowledge

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
To increase legal online offers for cultural goods and information	Number of legal online sales in the European Union	In 2008, international sales of digital music grew by 25% to US\$3.7 billion. (Source: IFPI Digital Music Report 2009). In the EU, the UK and France reported the biggest increase in digital sales, with sales up by 45% and 49 % respectively.

Key activities

- As part of the 'Europe 2020' flagship initiative *Digital Agenda for Europe*, deliver:
 - A proposal for a Directive on collective rights management in order to ensure better governance and enhanced transparency of cross-border collective rights management.
 - A legislative initiative on "orphan works" in order to provide a legal base to allow EU libraries to scan and display works of authors who are unknown or who cannot be located and expedite the creation of European digital libraries.
- Continue negotiations in the Council and the European Parliament on the legislative proposal to extend the term of protection for sound recordings and performances in order to enhance the revenue of artists and creators in the EU.
- Launch stakeholder dialogue on mass digitisation of out-of-print books as a complement to the legislative initiative on orphan works.
- Complete stakeholder dialogues on access to books for the visually impaired with a Memorandum of Understanding between the participants.

Objective: Increase the quality of industrial property rights while making protection more accessible for SMEs

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Increase in number of European SMEs with access to IPR protection	Number of SMEs making use of industrial property rights	Based on the annual reports of national and international patent offices, we can see that there is an increased tendency for SMEs to seek patent protection

Key activities

- The following key activities contribute to the 'Europe 2020' objective of 'smart' growth and belong to the flagship initiative *Innovation union*:
 - Pursue the adoption in the Council of the EU Patent Regulation and specialized EU Patent Court in order to improve access to patent protection for business.
 - Deliver a strategic Commission Work Programme initiative 'Regulation governing translation requirements for the future EU Patent'.
 - Prepare an international agreement on an EU-wide jurisdictional system for litigation of patents.
 - Prepare a Review of the Community Trade Mark Regulation in order to improve the trade mark system in Europe. The Review is planned to be delivered in 2011.
 - In addition, studies will be conducted on the functioning of the trade mark system and the quality of patents in the EU, on the economic impact of patent fees and on the financing of a unified patent litigation system.

Objective: Monitoring counterfeiting and piracy in order to protect citizens' health and safety

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Reduction in number of counterfeit goods which are sold or circulate in the EU	Number of counterfeit goods in the EU	<p>Customs seized over 178 million articles in 2008, and the number of customs operations involving fakes still continues to increase to more than 49,000 annually. Seizures of potentially dangerous products such as medicines increased significantly in 2008. Seizures of medicines increased by 18%. (Source: DG TAXUD)</p> <p>At present we are not able to establish with precision the number of counterfeit goods in the EU. However, the Observatory, will measure the scope and scale of counterfeiting and piracy in the EU.</p>

Key activities

- Roll out a European counterfeiting and piracy observatory in order to bring together national representatives, private sector experts and consumers to work on analysing the scope and scale of problems in the counterfeiting and piracy area, collecting and sharing information and promoting best practice and strategies.
- Establish a network for administrative cooperation between Member States in order to ensure effective exchange of information between Member States on counterfeit goods.
- Conduct stakeholder dialogues on the sale of counterfeit goods over the internet and on illegal uploading and downloading in order to develop voluntary arrangements that focus on concrete problems.

Objective: Facilitate free movement of qualified professionals inside the EU

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Year on year increase in number of positive decisions, without prejudice to the merits of the requests	Number of positive decisions on recognition of qualifications as a proportion of the total number of recognition requests	Between 1997 and 2008, citizens benefited from automatic recognition in 70% of cases, whilst in 30% of cases, either citizens did not receive recognition, the case was not settled or the citizen had to undergo an additional test or internship.

Key activities

- Evaluate the Professional Qualifications and analyse its interaction with the policies of DG EAC (Bologna process), DG EMPL (labour force issues), DG JLS and DG COMP. An evaluation report should be finalised by mid 2011.
- Deliver a transposition report in autumn 2010 and regular scoreboard on the Professional Qualifications Directive in order to provide an overview of where Member States stand in terms of their transposition of the Directive. Contribute to the Internal Market Scoreboard to be published in July.
- Modify Annex V to the Professional Qualifications Directive (2005/35) in order to facilitate the automatic recognition of professions for professionals moving abroad.
- Prepare decisions on medical specialities in order to add new medical specialities to the list of automatically recognised professions under the Directive and to foster recognition of innovative developments in public health. Proposal in July 2010.
- Start an evaluation of the Lawyers' Directive in the second half of 2010
- In addition, work will continue to improve the database of professional qualifications. In total, the 2005 Directive covers around 4,600 regulated professions. The database allows stakeholders to keep track of which national qualifications are regulated by which competent authorities.

Objective: Ensure effective enforcement of EU rules covering the free movement of qualified professionals and intellectual property

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ⁹ for all relevant Directives	2008: 5.5% 2009: 1.1%
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 66 2009: 68 (out of which 8 were considered a priority)
Increase in number of cases solved using alternative redress mechanisms compared to 2009	Number of cases closed using alternative problem solving mechanisms (e.g. SOLVIT, EU PILOT, modification of draft laws)	SOLVIT: - 154 cases closed (2008) - 191 cases closed (01/01- 20/11/09) EUPILOT: - 1 case closed (2008) - 10 cases closed and 1 cases in the process of being closed (01/01- 20/11/09)

Key activities

- Verify national transposition measures for Directives and compliance with the acquis.
- Verify compliance with Treaty provisions, regulations and decisions.
- Management of complaints and infringement proceedings.
- Deliver an Implementation Report on the Enforcement Directive (2004/48) in order to assess the transposition in Member States and analyse potential problems. Following the Report, work on a Review of the Enforcement Directive will start in order to set out possible legislative amendments to the Directive.

Main expenditure-related outputs in 2010

European counterfeiting and piracy observatory

Study on the European and EU Patents Court

Study on the implementation of Directive on the recognition of professional qualifications

Total projected cost: €1,050,000

⁹ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

4. INTERNAL MARKET FOR SERVICES: OBJECTIVES FOR 2010

Economic evidence consistently shows that the fragmentation of the single market for services has adverse effects on trade and investment flows, innovation, productivity leading to higher consumer prices. Services trade in the EU still only accounts for around 20% of total trade, which appears low compared with the level of services activity in the economy (70% of GDP on average). In the EU, service industries are the main source of net job creation, compensating for employment contractions in industry and agriculture. We therefore need to help this important sector of the economy reach its full potential and contribute to the achievement of the 'Europe 2020' objectives.

Looking at services from a citizen's point of view reveals that there is need to focus both on the supply side (by creating an environment in which business can act for the benefit of citizens regardless of national frontiers) and on the demand side (by setting the right framework for sustainable employment and consumer demand). The results of the evaluation of national legislation on services will provide an important measure of the extent to which the Services Directive will lift barriers to the functioning of the internal market. If convergence of regulatory approaches is not achieved in certain service sectors further legislation may need to be considered.

Objective: Promote the availability of high quality services, including postal services, throughout the EU

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Widespread improvement of service quality	Improved availability and quality of services, including enhanced customer services	Data on the quality of services provided in the EU is not yet available. However, there have been a number of improvements as regards market entry in some Member States, including the following: <ul style="list-style-type: none"> • removal of barriers for retailers to enter the petrol distribution market; • removal of discriminatory restrictions on land/home ownership regulations; • lifting of incompatible restrictions on TV licences.
Improved availability and quality/price ratio of postal services.	Availability and quality/price ratio of postal services	In 2008, European letter mail service performance reached a new high, with 94.6% delivered within 3 days, and 98.8% within 5 days. This exceeds the objectives set in the Postal Directive of 85% in 3 days and 97% in 5 days. (Source: International Post Corporation 2008 Report on Improving the Quality of International Mail).

Key activities

- Deliver a Commission Communication on Retail Market Monitoring in order to provide a factual and comprehensive analysis of the sector, identify possible market failures and ensure co-ordinated policy responses.
- Deliver a Commission Communication on measures to address abusive commercial practices in the retail sector, establishing policy options to address the issue of abusive clauses in supply contracts with SMEs.
- Prepare a College discussion and possible Green Paper on online gambling services in order to review the issues addressed by the infringement cases that the Commission has handled in recent years.
- As part of the 'Europe 2020' flagship initiative *Digital Agenda for Europe*, deliver an E-commerce Communication in order to set out a clear policy for the single market for the on-line environment and follow-up to the Communication on single market.

Objective: Contribute to the Europe 2020 strategy by enhancing the single market for services on the basis of the Services Directive

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Ensuring the successful running and completion of the process of mutual evaluation	<ul style="list-style-type: none"> Having an assessment, by the end of the year, of the results of implementation in Member States and of the state of the IM for services after implementation of the Services Directive Having an assessment of the need for further policy initiatives for the IM for services 	The process of mutual evaluation started in January 2010.
Business to be able to use Points of Single Contact (PSCs) on a cross-border basis and benefit from administrative simplification	<ul style="list-style-type: none"> Number of Points of Single Contact (PSCs) in place, number of services sectors covered, quality and completeness of the information provided, number of procedures that can be completed via the PSCs. Number of procedures in the PSCs that can be completed cross-border via electronic means 	The setting up of PSCs is underway.
More and better information for users of services wishing to use service providers established in another Member State	Availability and quality of information to users of services when they wish to use service providers established abroad	The Commission has yet to analyse the availability and quality of information to users of services.

Key activities

- Complete the process of mutual evaluation of legislation prescribed by the Services Directive
- Prepare a Communication and a Report on the results of the implementation of the Services Directives including an analysis of possible future policy initiatives.
- Assess the availability and functioning of the Points of Single Contact and the network of bodies responsible for providing information to recipients of services in order to identify problems.
- Prepare a Comitology decision under the Services Directive relating to the use of electronic signatures in order to further facilitate the cross border use of e-procedures in the Points of Single Contact.
- Ensure easy recognition (branding) of PSCs.
- Assist Member States in explaining the benefits and the rights established by the Service Directive, in order to ensure they are known to business and consumers.
- Provide guidance on the enforcement of the non-discrimination obligation under the Service Directive in order to ensure that Member States' competent authorities, consumer authorities and judiciary can enforce this obligation.

Objective: Develop administrative cooperation and mutual assistance mechanisms between Member States in order to support the implementation of the Professional Qualifications and Services Directives

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Over 30 professions using IMI on an operational basis	Number of professions using IMI	In October 2009, 11 professions were participating in exchange of information via the Internal Market Information system. Apart from the initial 4 (doctors, pharmacists, physiotherapists and accountants), the system has been expanded to 7 additional professions (nurses, dental practitioners, veterinary surgeons, midwives, architects, secondary school teachers and radiographers).
All services sectors covered by the Service Directive so that IMI can be fully operational in 2010	Number of service sectors using IMI	Preparations are ongoing to put version 2 of IMI into production to support exchange of information for the Services Directive.
6000 registered authorities by end 2010	Number of Competent Authorities registered in IMI	On 11/10/2009, 2259 Authorities were registered in IMI, of which 686 the Professional Qualifications Directive, and 1772 for the Service Directive.

Key activities

- Development of the Internal Market Information System (IMI), including preparation of training material and awareness-raising in order to enhance administrative cooperation in the single market.
- Prepare a Data protection report on the Internal Market Information System as a follow-up to the Commission Recommendation on data protection guidelines for IMI.
- Conduct an Ex-ante evaluation to assess the need for a multi-annual training and exchange programme for the administrative cooperation provisions of the Services Directive.
- Develop a legal instrument for Administrative Cooperation by means of IT Systems in order to satisfy the concerns of the European Data Protection Supervisor on IMI and eliminate barriers to the use of IMI in support of secondary legislation.
- Support Member States in implementing IMI for the Services Directive.
- Conduct an audit of IMI, including its data protection features, in order to verify that the system is capable of meeting all legal obligations defined by the Services Directive and supporting the planned number of competent authorities and users at an acceptable level of performance and reliability.

Objective: Ensure effective enforcement of EU rules on services, including postal services

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ¹⁰ for all relevant Directives	2008: 0% 2009: 0% (transposition date for Directive 2006/123: 28/12/2009)
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 40 2009: 30 (out of which 12 were considered a priority)
Increase in number of cases solved using alternative redress mechanisms compared to 2009	Number of cases closed using alternative problem solving mechanisms (e.g. SOLVIT, EU PILOT, modification of draft laws)	SOLVIT: 16 cases closed in 2008, 25 cases closed in 2009. EU PILOT: 2 cases closed in 2008, 4 cases close in 2009.
More dynamic postal markets (e.g. Number of competitors in the market, new Business Models etc.)	Increased competition in the postal sector	Full market opening has taken place in the Netherlands and Estonia

Key activities

- Provide assistance to Member States on national transposition measures for Directives in order to ensure correct transposition.
- Verification of compliance with EU Treaty provisions, regulations and decisions.
- Ratification of the Council of Europe Convention on Conditional Access in order to extend legal security for suppliers of conditional access (pay T.V.) services beyond the borders of the EU.
- Establishment of a Group of European Postal Regulators.

Main expenditure-related outputs in 2010

Functioning and development of the Internal Market Information system

Survey and report on potential cross-border audiovisual services market

Study on cross-border mail

Total projected cost: €1,300,000

¹⁰ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

5. FREE MOVEMENT OF CAPITAL, COMPANY LAW AND CORPORATE GOVERNANCE: OBJECTIVES FOR 2010

As the financial crisis has underlined, the business environment across the EU can only be improved if there are effective rules for investors, shareholders and companies, providing for high quality, reliable and transparent information on companies and adequate internal controls within companies themselves. As a result of the financial crisis, we will deal with the accounting treatment of financial instruments (limiting mark-to-market accounting rules), executive remuneration in the financial sector and develop fresh thinking on corporate governance for financial services firms.

Activities planned in this area will help improve the business environment, especially for SMEs and thus contribute to the 'Europe 2020' objectives.

Objective: Promote Corporate Responsibility to rebuild trust in the European financial system

What is our target?	How do we measure our progress?	What is the state of play?
Increased consumer confidence in products, markets and actors.	Consumer confidence in the financial services sector.	Consumer confidence: According to the Consumer Market Scoreboard, 2nd edition, 2009, 30% of mortgage borrowers find it very or fairly difficult to compare offers. According to Eurobarometer 2004, almost 60% (EU 15) find it very or fairly difficult to understand how mortgages work and the risks involved. Anecdotal evidence suggests that consumer confidence has (further) suffered during the crisis.
Improved ratings for EU 27 compared to 2009	Ratings in mutual evaluations by the Financial Action Task Force	Countries evaluated in 2009: AT. Countries evaluated in 2008: BG, EE and RO. Countries evaluated in 2007: UK, EL, FI, CZ, MT, PL. Reports indicate improved level of compliance compared to previous years.

Key activities

- Deliver a Green Paper on corporate governance practices in financial institutions addressing both specific issues for financial service companies and wider issues for the industry at large in order to highlight corporate governance issues. The Green Paper will identify weaknesses in corporate governance practices in financial institutions and will be followed by a Green Paper on wider corporate governance issues in 2011. These initiatives will contribute to the achievement of the 'Europe 2020' objectives.
- As part of the 'Europe 2020' flagship initiative *Industrial policy for the globalisation era*, consider an initiative on corporate social responsibility (CSR) and consider whether reporting requirements on CSR would be appropriate.
- Deliver Reports on the application of the 2009 Remuneration Recommendations in order to assess their impact and whether legislative measures may be needed.
- Prepare a Report on the application of the Transparency Directive.
- Work with the Financial Action Task Force against money laundering and terrorist financing.
- Continue work on a possible proposal on disclosure of Directors' remuneration and a shareholder "say on pay" in order to ensure effectiveness and comparability of disclosure throughout the EU.
- Deliver a Review of the Market Abuse Directive (including provisions on sanctions) and subsequent technical implementing measures in order to promote market integrity.

Objective: Contribute to the competitiveness of EU business by developing an efficient EU company law framework

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
25% reduction by 2012	Reduction in administrative burdens in the area of company law	The proposals adopted by Council and EP so far represent an 18.2% reduction in administrative burden. The proposal which is still pending before the Council would, if adopted, lead to a further 32% reduction

Key activities

- Work on the amendment of the 1st and 11th Company Law Directives in order to establish a more integrated EU network of European companies registers.
- Prepare a Report on Review of the European Company Statute to clarify the suitability of the European Company form for business, which may be followed by a proposal in 2012.
- Conduct Impact Assessments on a possible 14th Company Law directive on the transfer of registered offices in the EU, and on a possible European Foundation Statute.

Objective: Ensure comparability and transparency of listed company accounts throughout the EU and in third countries by ensuring that international accounting standards are prepared with regard to due process and with sufficient EU input

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Greater use of IFRS by EU companies	Number of companies using International Financial Reporting Standards (IFRS) in the EU	2008: 8000 2009: 8000
Increased number of countries using IFRS	Number of countries using IFRS	2008: 112 2009: 120

Key activities

- Prepare endorsements of new international accounting standards and interpretations, preceded by impact assessment work.
- Promote consistent application of IFRS in the EU through contacts with the International Accounting Standards Board (IASB) and Committee of European Securities Regulators (CESR).
- Promote governance reform in the IASB and the International Financial Reporting Standards Foundation (IFRS Foundation, previously known as the IASCF).

Objective: Simplify accounting rules for SMEs

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Reduce the administrative burden on SMEs while maintaining a minimum level of harmonisation and the usefulness of financial information contained in the annual and consolidated accounts of limited companies	Maximum amount of administrative burden reduction achievable under the proposal for review of accounting directives, based on figures from the impact assessment.	The work on the review of the accounting directives is on the way.

Key activities

- Work on simplification and modernisation of reporting obligations for SMEs by amending the accounting directives. The delivery of the Revision of the Accounting Directives is planned for 2011. This initiative will greatly contribute to the achievement of the 'EU 2020' objectives as it will relieve some administrative burdens for SMEs in the single market.

Objective: Improve audit quality and the structure of the audit market in order to ensure a high level of confidence in company reporting

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
An independent auditor public oversight system in each Member State	Number of independent audit oversight systems in the EU	There are currently 26 independent auditor public oversight systems in operation in the EU.
Increased cooperation between the national auditor public oversight systems at the EU level	Meetings of the EGAOB (European Group of Auditors Oversight Bodies) subgroups prepared and run by EGAOB members by end 2010	Commission services are assisting EGAOB members in taking over the organisation of the EGAOB subgroups.
No increase in the concentration in the market for statutory audit services for listed companies	Based on market share of 4 largest audit firms in the national market, lower or relatively stable concentration level in most Member States in comparison to 2005.	The study on the implementation of the acquis to be launched in 2010 will provide the relevant data. On this basis, we may make proposals to mitigate the concentration level.

Key activities

- To facilitate international co-operation in the field of auditing, prepare two Commission Decisions: one allowing Member States' auditor regulators to exchange audit working papers with some of their international counterparts and one recognizing the auditor public oversight systems of certain third countries as equivalent to Member States' auditor public oversight systems.
- Deliver a Green Paper on audit policy for 2011-2015 in order to launch a wide-ranging debate and consider a way forward.
- Revise the structure of the European Group of Audit Oversight Bodies in order to improve cooperation between Member States' audit oversight systems.
- Provide funds to the PIOB as foreseen in the 2010 Financing Decision.
- Launch an assessment of the implementation of the Statutory Audit Directive (contractor for a study to be selected in 2010).
- Ensure correct transposition of the Statutory Audit Directive (transposition checks and bilateral meetings with Member States).
- Cooperate with DG COMP with a view to using Commission investigative powers to obtain more accurate information on the audit market.

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

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Increased capital flows	Cross-border capital flows between EU Member States and between Member States and 3 rd countries.	The Financial crisis has significantly reduced flows in the short term in late 2008 and early 2009. It remains to be seen whether cross-border capital flows will pick up in 2010.

Key activities

- Monitor capital movements and provide a Report to the Economic and Financial Committee on the situation in capital markets.
- Conduct a study on transitional periods in accession treaties regarding ownership of agricultural land in Bulgaria and Romania in order to prepare a report to the Council.

Objective: Ensure correct implementation and effective enforcement of the Community's rules on company law, free movement of capital and statutory audit by all Member States

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ¹¹ for all relevant Directives	2008: 9.4% 2009: 4.5%
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 73 2009: 86 (out of which 8 were considered a priority)

Key activities

- Provide assistance to Member States on national transposition measures for Directives in order to ensure correct transposition.
- Verification of compliance with EU Treaty provisions, regulations and decisions.

¹¹ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

Main expenditure-related outputs in 2010

Monitoring the evolution of capital movements

Study on the operation of the Takeover Bids directive

Annual contribution to the Financial Action Task Force budget

Annual contribution to the Research Foundation of the European Corporate Governance Institute (ECGRF) budget

Feasibility study on the development of a Pan-European Storage System for regulated information

Study on the implementation of Directive 2006/43/EC on statutory audits of annual and consolidated accounts

Total projected cost: €1,200,000

Financial support in 2010 to EFRAG and PIOB: €2,700,000

6. FINANCIAL MARKETS: OBJECTIVES FOR 2010

The financial crisis has prompted a wide-ranging rethink of the way in which financial sector companies operate, how they are managed and capitalised, and how they are supervised by national authorities. The Commission is taking a leading role in this rethink and has recently proposed a new supervisory architecture for Europe. Common EU rules should be applied at national level by national supervisory authorities but under the leadership and coordination of three new Authorities for banking, insurance and securities. The new supervisory structure is important because we need not only better regulation of financial markets but also coordinated enforcement action inside the EU itself if we wish to avoid anti-competitive behaviour at Member State level.

An overhaul of the legislative framework for trading, post-trading and derivatives is also called for. Transparency is the key, as we should avoid the creation of pools of capital and highly leveraged operations that escape the attentions of national supervisors. A significant work programme in 2010 will attempt to deal with shortcomings in the current legislative framework.

The majority of the key activities described below play a crucial role in the reform of the financial system and therefore contribute significantly to the achievement of 'Europe 2020' objectives.

Objective: Promote transparency and stability in financial markets

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Delivery of actions proposed in the ECOFIN Roadmaps.	Implementation of ECOFIN Roadmaps and the 4 March 2009 Communication on 'Driving European Recovery'	Most actions set out in the ECOFIN roadmaps on financial turmoil, financial stability and supervision have been or are in the process of being implemented. In some cases, progress depends on work launched at the global level (such as work by the IASB on valuation issues). In some other cases, the objectives set out in the roadmaps have been overtaken by events in global and EU financial markets. The Commission Communication adopted on 4 March 2009 presents a comprehensive and coherent plan to address the challenges posed by the financial crisis. New proposals have been put forward to: (i) provide the EU with a state of the art supervisory framework, (ii) fill the gaps left by incomplete or insufficient national or European regulation, (iii) reinforce protection for consumers and small businesses, (iv) improve risk management in financial firms and align pay incentives with sustainable performance, and (v) ensure more effective sanctioning against wrongdoing.

Key activities

- Deliver the following strategic Commission Work Programme initiatives:
 - Legislative proposal to improve transparency and stability in derivatives markets in order to provide a more transparent and stable market for derivatives trading.
 - Legislative initiative on short selling and credit default swaps to ensure that detrimental trading practices are avoided and to enhance transparency in the market.
 - Revision of the Capital Requirements Directive to improve the quality and amount of capital held by banks, looking in particular at the leverage ratio, dynamic provisioning, liquidity, procyclicality buffers, the definition of capital and counterparty credit risks.
 - Communication for the European Council on options for bank resolution funds followed by a Communication on an effective and efficient crisis management framework in the banking sector announcing a series of possible legislative and non-legislative proposals in order to equip authorities with the tools necessary to resolve cross-border bank crisis. A legislative initiative in this area will be proposed in 2011.
- Continue negotiations on the Alternative Investment Fund Managers (AIFM) proposal with the European Parliament and Council and undertake preparatory work for an impact assessment on technical "level 2" measures in order to establish a robust regulatory framework for AIFM.

- Prepare a Commission Report on the review of securitisation retention in order to evaluate whether an increase of the 5% securitisation retention threshold should be proposed.
- Deliver a Commission Report on procyclicality as is stipulated in the Capital Requirements Directive.
- Undertake a revision of the Financial Conglomerates Directive in order to update the regulatory framework for supplementary supervision in the light of the financial crisis.
- Prepare technical implementing measures for Solvency II including remuneration provisions in order to introduce risk sensitive capital requirements into insurance legislation.
- Prepare an internal report on the policy options for reforming of financial market regulations, laying out a medium to long-term regulatory framework for EU financial markets.

Objective: Enhance investor protection in financial markets

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Put in place National strategies on financial education in the majority of Member States	Number of countries that have national strategies on financial education to enhance the financial awareness of consumers	UK, IE, NL, CZ, HU have national strategies. IT, ES, FR, SE, AT are currently developing their own
High level of consumer protection as regards product disclosure and selling requirements.	Integrity and transparency in disclosure and selling practices in the EU	Ongoing work in PRIPs taskforce

Key activities

- Deliver a review of the Investor Compensation Schemes Directive in order to ensure sufficient investor protection and confidence in the use of investment services.
- Deliver a Directive on Legal Certainty in Securities Law in order to simplify the legal environment for book-entry securities.
- Revise the Regulation on credit rating agencies and prepare possible further implementing measures in order to introduce centralised oversight of credit rating agencies in the EU and ensure exemptions for central banks.
- Start work on proposals for Directives on disclosure and selling practices for Packaged Retail Investment Products (PRIPs) planned for 2011 in order to provide consumer-friendly and comparable information for all EU retail consumers and to harmonise conduct of business rules for intermediaries.
- Prepare a Recommendation on national strategies for financial education and encourage Member States to develop their own national strategies that include financial education in school curricula. In order to assist here, we will publish a training manual entitled, "Financial literacy – tools for teachers", in cooperation with DG SANCO to promote financial educational goals among teachers in Member States.

Objective: Promote integration of EU financial markets

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
All barriers dismantled by 2011	Progress in dismantling the 15 Giovannini barriers	<p>The European Commission has developed a set of indicators in order to monitor the progress in dismantling the so-called Giovannini barriers. The methodology that underpins these indicators distinguished between two separate sub-phases: standard-setting and implementation. Standard setting is done at the European level (either by industry associations or EU institutions) while implementation is carried out at the level of single Member States. As of December 2009, the progress in dismantling the Giovannini barriers was the following:</p> <p>the standard-setting sub-phase has been fully completed for 7 barriers ;</p> <p>overall, the setting of standards for dismantling the barriers is about 80% complete;</p> <p>when it comes to the implementation sub-phase, only three barriers have been fully dismantled so far (5, 8 and 14);</p> <p>in terms of overall progress, the dismantling of the Giovannini barriers is about 40% the way through.</p> <p>Regarding the dismantlement of the so-called "public barriers", the European Commission took in 2009 two major initiatives:</p> <p>On 19th October, it adopted the Recommendation on withholding tax relief procedure, setting out standards for the dismantlement of barrier 11.</p> <p>Commission services worked also on a legislative proposal on securities law to be adopted in the course of the first semester of 2010. This new piece of legislation would be a major step forward in dismantling barriers 3, 9, 13 and 15.</p>
Increased financial integration across the EU	Level of financial integration	<p>The impact of the financial crisis on the process of financial integration has not been homogenous. Those segments that had experienced the highest degree of integration over the last decade have been heavily hit by the crisis, and in many cases have seen a sharp reversal in the positive trend over the period 2007-2008. This is especially the case for unsecured money markets, government bond markets and equity markets. There is not enough evidence at this stage to assess whether these recent trends can be interpreted as a symptom of increasing long-term market segmentation or if they are linked to a temporary entrenchment by market actors within domestic borders. This latter hypothesis seems to be confirmed by the reversal of the trend of some indicators (i.e. in the interbank lending market and in the government bond markets) in the latter part of 2008 and beginning of 2009. However, further information and time are needed to clearly decode these developments.</p> <p>(Source: Commission Staff Working Paper: European Financial Integration Report 2009, SEC(2009) 1702.)</p>
Annual increase in passported prospectuses	Number of prospectuses passported throughout the EU	<p>Data collection from the Committee of European Securities Regulators shows that:</p> <p>2253 Passports for Prospectuses were sent in 2007, while in 2008, 1712 Passports for Prospectuses were sent.</p> <p>In Q1 and Q2 of 2009, 743 Passports for Prospectuses were sent.</p>

Key activities

- Prepare implementing measures on the UCITS 4 Directive covering the issues of a management company passport, key investor information, and supervisory and notification procedures for cross-border mergers.
- Continue negotiations in the European Parliament and Council on the recast of the Prospectus Directive.
- Start work on a further Commission proposal for amending the UCITS Directive (UCITS 5) planned for 2011 covering the responsibilities of depositaries, notably in the light of the Madoff affair.
- Start work on a Review of the Markets in Financial Instruments Directive (MiFID), in particular as regards conduct of business and transparency rules in order to enhance investor confidence and to meet the overall aim of a level playing-field delivering market efficiency and transparency. The Review will be delivered in 2011.

Objective: Develop more effective European supervision for financial markets

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
A more effective supervisory structure promoting stability and efficiency.	Robustness of supervisory structures in the EU	Supervisory package adopted by the Commission on 23 September 09. Negotiations to continue in Council and EP in 2010.

Key activities

- Continue negotiations in the Council and the European Parliament on the three Regulations creating European Supervisory Authorities.
- Prepare a Commission Decision on financial support to European Supervisory Authorities in order for them to be able to begin operations no later than 1 January 2011.
- Deliver a Directive specifying the competences of European Supervisory Authorities ("Omnibus II", and possible "Omnibus III" Directives).
- Deliver a Commission report on supervisory and sanctioning powers, followed by a Communication on sanctions, in order to discuss the convergence of supervisory powers across the EU and the establishment of deterrent sanctioning regimes in Member States.
- Deliver a Report on the conclusions of the UNIDROIT Convention.

Objective: Ensure effective implementation and enforcement of EU rules by all Member States

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ¹² for all relevant Directives	2008: 1.6% 2009: 0.2%
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 38 2009: 21

Key activities

- Management of the Financial Services Action Plan league table in order to keep the transposition deficit within the target.
- Verify national transposition measures for Directives on UCITS (85/611/EEC), on eligible assets (2007/16/EC) and MiFID Article 4 notifications in order to ensure timely and complete transposition, and eliminate national "gold-plating".
- Manage complaints and infringement proceedings.

¹² The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

Main expenditure-related outputs in 2010

Contract to monitor the evolution of costs, prices and volumes of post-trading activities in financial markets

Study on the impact of potential changes to MiFID

Annual membership fee to the International Organisation of Securities Commission (IOSCO)

Total projected cost: €900,000

Financial support in 2010 to financial services committees (CESR, CEIOPS, CEBS): €3,300,000

7. FINANCIAL INSTITUTIONS: OBJECTIVES FOR 2010

Since the credit crisis unfolded in the summer of 2007, DG MARKT has prepared a number of legislative proposals to address flaws in the way in which banks and investment firms are regulated. This programme of legislative improvements is still underway and contributes to the implementation of the 'Europe 2020' Strategy and its objectives. The proposals planned by the Commission for 2010 envisage a tightening of the definition of bank capital to make sure that banks hold only the highest quality capital to meet their obligations, an increase in the minimum amount of regulatory capital that banks must hold, and building up buffers of additional capital that can be drawn down in a crisis, as well as compliance with new standards on liquidity of financial institutions.

Beyond the direct prudential regulation of banks, there are two further important areas that require attention. First, the current Deposit Guarantee Scheme Directive requires a fundamental review. Second, based on the Commission's Communication of end 2009, a credible policy for the resolution or winding down of cross-border banking groups will be presented [see also section 6. Financial Markets].

The current financial and economic crisis has also meant that consumers of retail financial services have lost confidence in the financial sector. At the same time, the financial sector has become more cautious in its relations with consumers, especially on the credit side of the market. We will therefore deliver an initiative on responsible lending and borrowing, to ensure that lending decisions (particularly on mortgage credit) are based on sound criteria. Improving the regulation of the retail financial services market is crucial so that consumers can enjoy the benefits of the single market in this area.

Objective: Allow consumers to access high-quality retail financial and payment services throughout the EU

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Achievement of 'critical mass' of SEPA transactions	Number of SEPA credit transfers within the EU	The actual SEPA Credit Transfer (SCT) take-up is lagging behind expectations. According to the Eurosystem's euro area SCT indicator, in November 2009 only 5.3% of all credits transfers in the euro area were processed in the SCT format. This figure is not satisfactory in light of the fact that SCT was launched in January 2008. To further support the migration in high-volume payment users, such as public administrations, we have launched a survey on the public administrations preparedness and migration in June 2008 (with bi-annual frequency) in order to exert peer pressure and encourage best practice by public authorities. In the light of slow migration to SCT, the ECOFIN Council conclusions of 2 December 2009, invited the Commission, in collaboration with the ECB and in close cooperation with all actors concerned, to carry out a thorough assessment of whether legislation is needed to set binding end-dates for SEPA Direct Debit and SEPA Credit Transfer and to come up with a legislative proposal should this assessment confirm the need for binding end dates.
Year on year reductions in cost, duration and number of mortgage foreclosures and cost and duration of mortgage registration procedures. Increase cross-border mortgage lending business.	Cost, duration and efficiency of mortgage registration and foreclosure procedures. Share of cross-border lending.	<u>Cost and duration of foreclosure procedures:</u> Although the EU average duration for the process is 12 months, the process can range from 2.5 months to up to seven years. The total cost of a foreclosure procedure also varies considerably across the EU while the European average total cost is 5.25 % of a EUR 100 000 loan balance. <u>Cost and duration of mortgage registration:</u> Although the average duration for registering a mortgage in the EU is 21 days, the length of the registration process currently varies across Member States. The same holds true for the registration costs, where the average costs for the entire procedure is 1.15 % of the guaranteed amount. <u>Share of cross-border lending:</u> The extent of cross-border activity in mortgage lending is very limited. A 2008 Eurobarometer poll estimated that no more than one per cent of mortgage lending in any one Member State is cross-border (meaning that the borrower and the lender providing the funds were located in separate Member States).
Ensuring that mortgage credit markets do not operate in a way that can lead to defaults, foreclosures and over-indebtedness.	Number of default rates and foreclosures. Indicators on over-indebtedness.	<u>Default rates:</u> The majority of Member States, for which data is available, have experienced an increase in default rates between end of 2007 and end of March 2009. Only one Member State reported a decrease in default rates. Member States experiencing an increase in default rates face increases of varying severity. <u>Number of foreclosures:</u> While five Member States have not experienced a noticeable increase or have even experienced a decrease in the number of foreclosure procedures between end of 2007 and March 2009, 10 Member States have noted an increase in the opening of foreclosure procedures. <u>Overindebtedness:</u> A 2009 study on over-indebtedness undertaken by the Social Protection Committee and the European Commission has shown that 38% of respondents totally agreed or tended to agree that they were having difficulties to a certain extent with paying their bills.

Key activities

- Deliver a strategic Commission Work Programme initiative on the 'Revision of the Directive on Deposit Guarantee Schemes' to provide higher levels of depositor protection and swifter pay-outs to depositors in the event of bank failure.
- Deliver a White Paper on Insurance Guarantee Schemes to prepare the ground for a policy decision on possible legislative action in this area.
- Start work on a Revision of the Insurance Mediation Directive planned for 2011 to provide a higher level of legal certainty and avoid difficulties in the application of the IMD at national level.
- Deliver a working paper on compensation arrangements for victims of motor accidents involving motorists from different Member States.
- Assess current rules on the solvency of Institutions for Occupational Retirement Provision (IORPs) in the light of legislative developments on solvency in the insurance sector (Solvency II). A review of the IORP Directive is planned for delivery in 2011.
- As part of the 'Europe 2020' flagship initiative *Digital Agenda for Europe*, deliver a Communication on E-invoicing to define a framework for an interoperable e-invoicing system across the EU.
- Consider a possible initiative to identify a common set of principles to prevent tying and other unfair practices that restrict competition in the retail financial services market.
- Implement and monitor the Single Euro Payments Area (SEPA) Action Plan and establish an appropriate governance structure for the SEPA project.
- Prepare a legislative proposal on an end-date for the Single Euro Payments Area (SEPA) by when SEPA products will become mandatory and replace existing national payments products.
- Prepare measures on responsible lending and borrowing to encourage lenders and intermediaries act in a fair, honest and professional manner.
- Deliver a Report on best practices and guidance for national authorities on avoiding foreclosure procedures for mortgages.
- Prepare a Recommendation on financial inclusion to promote best practice and encourage Member States to enact legislation that will ensure that every EU citizen or resident has access to a basic bank account.
- Review the extent of customer mobility with regard to bank accounts in order to monitor implementation of the code of conduct on bank account switching and to ensure access to bank accounts for non-residents.

Objective: Ensure correct implementation and effective enforcement of EU rules on financial services by all Member States in order to allow citizens to benefit from innovative and competitive financial services

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Maximum of 1.5 % for all Member States	Average "transposition deficit" ¹³ for all relevant Directives	2008: 0.6% 2009: 2.5%
Increase in number of infringement cases closed, notably priority cases, year on year	Number of infringements cases closed	2008: 44 2009: 25 (out of which 3 were considered a priority)
Increase in number of cases solved using alternative redress mechanisms compared to 2009	Number of cases closed using alternative problem solving mechanisms (e.g. SOLVIT, EU PILOT, modification of draft laws)	EU PILOT: 1 case closed in 2008, 8 cases closed in the period from 01/01/09 to 20/11/09.

Key activities

- Verify national transposition measures for the Payment Service Directive.
- Manage complaints and infringement proceedings.

Main expenditure-related outputs in 2010

Annual contribution to the International Association of Insurance Supervisors (IAIS)

Study on insurance guarantee schemes

Total projected cost: €300,000

¹³ The "transposition deficit" measures the percentage of single market directives not yet communicated to the Commission as having been transposed into national law, in relation to the total number of single market directives which should have been transposed.

8. EXTERNAL DIMENSION OF THE SINGLE MARKET: OBJECTIVES FOR 2010

With accelerating globalisation and the recent international financial and economic crisis, regulatory co-operation with our main trading and investment partners continues to grow in importance. The global financial crisis has shown the necessity of better and more regulation, coordinated on a global scale. In the area of financial services, the G20 and the Financial Stability Board are now the main international regulatory fora and DG MARKT has been active in both, striving for coordinated and consistent implementation of G20 reform commitments. DG MARKT will also continue to be active in promoting financial and broader regulatory reform in our dialogues with third countries, in particular with the United States, Japan, China and Russia. In the years to come, it will be important to further develop ties with Brazil and India. DG MARKT external activity is fully in line with the objectives of the 'Europe 2020' Strategy.

A new generation of Free Trade Agreements is also being negotiated, adjusted to the specific relationship between the EU and the countries concerned (e.g. Ukraine, South Korea, India). Most agreements have provisions on establishment, intellectual property, public procurement, money laundering, and financial services which requires input from DG MARKT.

At the same time, enlargement negotiations have accelerated with Croatia and they may soon start with the former Yugoslav Republic of Macedonia, and with a number of new applicants (Montenegro, Albania, Iceland). DG MARKT is also actively involved in the EU's relationship with the Western Balkan region, as states from this part of Europe are increasingly aligning their laws with single market rules.

Objective: Support and monitor candidate countries in their efforts to align with single market rules

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Successful outcome of technical negotiations	Progress in the accession process as reported in DG Enlargement's regular Progress Reports.	<p>Croatia: All MARKT chapters of the accession negotiations where DG MARKT leads have been opened. Three negotiating chapters have now been completed and a further two are nearly complete. Two chapters remain open for discussion.</p> <p>Turkey: Slower progress. No new chapters have been opened since 2008 and some new legislation (such as on IPR and company law) even go against the spirit of progressing in the accession process.</p> <p>Membership applications received from Montenegro, Albania and Iceland.</p>

Key activities

- Encourage Croatia and Turkey to adopt the internal market acquis, in order to avoid infringement procedures upon accession.
- Prepare DG MARKT's contribution to the review of applications for EU membership of Iceland, Albania and Montenegro.
- Discuss the Service Directive (SD) with candidate countries, in the context of Free Trade Agreements and in international fora (OECD and others) in order to enhance awareness of the SD, and (in the case of the candidate countries), to prepare for future SD implementation.

Objective: Offer EU companies greater opportunities in the global economy by promoting EU interests in bilateral and multilateral negotiations and in regulatory dialogues

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Improvement in the business environment and reduction of non-tariff barriers	National treatment for EU companies and improved access to foreign markets	Progress made in improving general business climate internationally at various levels (e.g. equivalence recognition of IFRS accounting standards with certain third country GAAPs (China, Canada, South Korea, India), regulatory measures by China to further open up markets and reduce non-tariff barriers for foreign firms, large coverage of services in EU-Korea Free Trade Agreements initialled in October 2009) . Nevertheless, problems persist for EU companies in various markets. Vigilance required regarding possible protectionist tendencies due to crisis.
More equivalence and mutual recognition agreements	Convergence with single market rules and adoption of EU endorsed international accounting standards	G20/Financial Stability Board process creating pressure for greater convergence in global financial regulation.

Key activities

- Promote convergence and equivalence with single market rules through:
 - Transatlantic Economic Council with the US;
 - Regulatory Reform Dialogue with Japan;
 - EU-China High Level Economic and Trade Mechanism;
 - other regulatory dialogues with major trading partners (US, Japan, China, Russia, Brazil and India) on single market issues (financial services, public procurement, IPR, copyright).
- Participate in negotiations on 'deep' Free Trade Agreements (agreements with regulatory components) with selected ASEAN countries, Mercosur, Andean countries, India, Russia and the Gulf Cooperation Council, the Partnership and Cooperation Agreement upgrade negotiations with China, and the Comprehensive Economic and Trade Agreement negotiations with Canada.
- Negotiate the Government Procurement Agreement (GPA) and UNCITRAL model law in order to secure access for EU companies to GPA members' public procurement markets and to develop international disciplines on procurement.
- Participate in negotiations to conclude a plurilateral anti-counterfeiting trade agreement (ACTA), promoting EU enforcement standards for intellectual property rights (especially in the area of civil enforcement) and including the main provisions of the Enforcement Directive in ACTA.
- Contribute to WTO negotiations on trade in services (GATS), and manage agreements with Switzerland, Mexico and Canada on the recognition of qualifications.
- Participate in the OECD Corporate Governance Steering Group and Transatlantic Corporate Governance Dialogue.

Objective: Promote approximation to the EU's single market rules in the Western Balkans and European Neighbourhood countries

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
Convergence with single market rules	Degree of implementation of agreements and action plans by the countries concerned	Varying degrees of progress as reported in ENP progress reports and the 2009 progress reports for Western Balkans countries. Eastern Partnership now established, with prospect of participation in the single market for six ENP countries.

Key activities

- Prepare DG MARKT's contribution to Partnership and Cooperation Agreements and Association Agreements in the framework of the European Neighbourhood Policy.
- Assist in negotiations over Free Trade Agreements with Neighbourhood Policy countries (e.g. Ukraine, Armenia) in order to help them take on board single market rules and international disciplines.
- Prepare DG MARKT's contribution to Stabilisation and Association Agreements (SAAs) with Western Balkan countries.

9. POLICY STRATEGY AND COORDINATION FOR THE INTERNAL MARKET: OBJECTIVES FOR 2010

DG MARKT has developed best practice in terms of strategic planning and programming. Indeed, some of the tools that the DG has developed in this area are now recognised Commission-wide. The DG's senior management exercises regular control and supervision of the DG's Work Programme, Annual Management Plan and expenditure reports.

On communication, the DG has in the past focused primarily on promoting new initiatives, and on providing information and advice services on citizens' rights. The DG has acquired a good expertise in this area. However, communication is a two-way process and the DG realises that it urgently needs more feedback from the public. Traditionally focused on the business community, we also see a need to connect and communicate more with consumers, workers and unions, social groups, NGOs, and disadvantaged groups in our society. New ways of communicating with the public, such as DG MARKT staff playing the role of "ambassadors" to present our work and to listen to concerns, are being given greater prominence, and we aim to make more use of audiovisual messages to reach the public.

Objective: Contribute to the sound management of the DG

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
100% compliance rate	Compliance with the Internal Control Standards	All ICS are complied with. However, more work is required to improve the level of compliance as regards 4 baseline requirements in 2010.
No 'critical' audit recommendations	Number of 'critical' audit recommendations	All recommendations from the IAS have been fulfilled, except one, which should be completed in early 2010. The DG has not yet received any 'critical' audit recommendations.

Key activities

- Monitor compliance with the Internal Control Standards (ICS), provide training and raise awareness among staff with regard to internal control and ethics.
- Assess risks and ensure that managers are aware of those risks and take appropriate mitigating actions.
- New ethics guidelines for the DG's staff.
- Conduct "effectiveness reviews" of selected Internal Control Standards to identify further improvements in the DG's management, and provide recommendations where necessary.
- Prepare the Annual Activity Report 2009. Provide an accurate and reliable account of the DG's performance, both in policy and management terms, to its stakeholders.
- Prepare audit reports on topics to be agreed upon by the Internal Audit Capability and the Director-General. Provide independent and clear audit reports.

Objective: Build support for the Single Market by communicating effectively with all constituencies

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
<p>Increase awareness of the single market and website hits by 20 %</p>	<ul style="list-style-type: none"> Regular single market questions in the standard Eurobarometer survey; results of the satisfaction surveys on MARKT websites and publications; and number of hits on the DG's websites. 	<p>According to the most recent Eurobarometer survey, less than half of EU citizens (44%) can mention at least one of the four freedoms or a synonym for the "Internal Market", and to one third of the population, the words "Internal Market" do not mean anything. Almost 10% of citizens have immediate negative associations like bureaucracy, red tape or higher prices. Only 2% came up with immediate positive associations.</p> <ul style="list-style-type: none"> Single Market news readership: 4700 (paper version), 3700 (on-line version) E-bulletin readership: 3100 Internal Market website hits: 5.600.000 (2009 figures) Results of Internal Market website redesign satisfaction survey: 70% respondents liked the new design of the website.

Key activities

- Communication plan for 2010, building on the recent Eurobarometer survey on the single market and on stakeholders' views and information needs. The plan will set out how the DG will communicate to the public on its most important policies in 2010.
- Communicate effectively our policies in 4 priority areas:
 - Exiting the financial crisis and delivering a stable financial system;
 - Unleashing the potential of the EU services sector;
 - Single Market Assistance Services (SMAS);
 - Improving the Internal Market for consumers.
- Ensure awareness of and promote the benefits of all new initiatives.
- Develop and improve a "listening" mechanism and integrate it into the policy making process.
- Modernise DG MARKTs communication tools, using more audiovisual footage, social media, radio and TV stations.

Objective: Provide management with regular, reliable information on priorities and deliverables in order to facilitate the task of achieving the DG's objectives

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
100% execution rate of all initiatives on the DG's Work Programme	Work Programme execution rate	64% execution rate in 2009 = 55 initiatives completed out of 86 planned, including 26 initiatives added to the Work Programme during the year.

Key activities

- Preparation of the Management Plan, as a useful planning tool for managers that allows them to establish priorities and monitor progress.
- Preparation of the DG's contribution to the Commission's Work Programme and of the DG's own work programme. Ongoing monitoring of delivery in order to provide management with a correct record of the DG's initiatives for the year and progress on delivery.

10. ADMINISTRATIVE SUPPORT: OBJECTIVES FOR 2010

DG MARKT has traditionally enjoyed a reputation for quality, productivity and professionalism. In order to continuously improve and update the skills of its staff, the DG maintains its own full-scale training programme. The DG places high value on internal communication and on fostering staff engagement, with a number of initiatives now in place designed to maintain motivation and the interest of staff across the DG's various policy areas.

DG MARKT has one of the lowest annual expenditures in the Commission. But our activities are evolving in scope and volume. As part of the Commission's response to the financial crisis, the DG will now provide a relatively large amount (maximum €38.7 million between 2010 – 2013) to a number of EU authorities and international committees in the area of financial services.

Objective: Ensure correct implementation of the annual budget respecting the Financial Regulation

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
<ul style="list-style-type: none"> 95% budget execution (commitments) on the operational budget line with respect to the annual and final budgets 95% budget execution (payments) on the operational budget line with respect to the annual and final budgets 95% of payment files executed within contractual time limits with no mandatory interest as a result of late payments 95 % budget execution of the administrative budget lines Up to 23 days payment delay on administrative budget lines 	Execution rate of the budget and timelines of payments	<p>94 % operational budget execution for commitments in 2009</p> <p>99 % operational budget execution for payments in 2009</p> <p>98 % budget execution of administrative budget lines in 2009</p> <p>23 days payment delays on administrative budget lines</p>

Key activities

- Correct and timely execution of budgetary commitments and payments and constant supervision of open commitments.
- Monitoring and management of administrative budget lines.
- Management and implementation of the new grant programmes for financial sector bodies financed by DG MARKT.
- End-of-year review in order to check that financial transactions carried out during the year have complied with the Financial Regulation.

Objective: Ensure effective management of the DG's infrastructure (IT, Mail delivery, Security) and maintenance of a core service in the event of an interruption to normal activities

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
75% or more satisfaction in annual survey	Staff satisfaction with the ITC services provided	The overall staff satisfaction for ITC services was: in 2007 - 78%, in 2008 - 80% and in 2009 - 80%.
75% or more satisfaction in annual survey	Staff satisfaction with the document management services provided	The survey will be launched in 2010 and the results should be available in Q1 2010.
100% compliance	Compliance with standards provided by General Secretary and/or Security Directorate	Our overall position here needs to be reviewed in detail so we can provide a summary in the next management plan

Key activities

- Ensuring effective knowledge and application of the Commission's document registration and filing rules in DG MARKT (filing plan, registering, conservation and archiving of email and documents). Improving the application of eDomec rules, and increasing the number of documents registered and filed. "On the spot" checks will be carried out to review the progress that units are making.
- Maintain staff satisfaction in CAD and messenger services.
- Maintain an efficient IT infrastructure and high level of service.
- Develop and maintain Information Systems in accordance with DG MARKT's needs and IT governance rules, and implement the work program decided by the CDI.
- Migration to Office 2007.
- Establish monthly and quarterly check lists for security and business continuity matters.

Objective: Improve the quality of HR services

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
<ul style="list-style-type: none"> • Maintain the turnover at level comparable with Commission's average • Less than 2% of permanent staff leaving the DG before two years of employment in the DG • 20% of women in senior management and 30% middle management (Commission's target) • >90 of timely completion and delivery of appraisal elements • Full implementation of the action plan on Equal Opportunities and Well-being • Full implementation of the Personnel Action Plan • > 85% of staff satisfied or "very satisfied" with the services provided by the Directorate in charge of Resources 	<ul style="list-style-type: none"> • Turnover rate • % of permanent staff leaving the DG before two years of employment in the DG • Number of documents adopted and actions realised • % of women in senior and middle management's position • Application and nomination rate of women • Average number of training days per staff member • Timely completion and delivery of CDR elements • Staff survey 	<ul style="list-style-type: none"> • Turnover rate in 2009 : 6.44% • In 2009, 0% of permanent staff leaving the DG before two years of employment in the DG • 20% senior management and 22% middle management • Full implementation of A1 actions of the action plan on Equal Opportunities and Well-being • 67% of A1 actions of PAP is fully implemented yet • Between 80% and 95% of staff satisfied or "very satisfied" with the services provided by the Directorate in charge of Resources

Key activities

- Consolidation of the new appraisal system (maintain staff motivation).
- Improve management of career development and resource allocations (finalise the job mapping exercise, including career paths, and a policy on mobility).
- Foster a working environment that encourages staff engagement and well-being (implement the action plan on Equal Opportunities and Well-being).
- Develop and adapt staff skills and knowledge (regular monitoring of training requirements for specific target groups). Develop managerial talent in the DG.
- Anticipate future recruitment needs (attract, recruit, maintain and develop suitable staff and forecast departures).
- Monitor and update the DG's Personnel Action Plan.
- Timely preparation of the new Financial Supervisory Agencies to ensure sound administration, personnel and financial management.

Objective: Reduce the environmental footprint of DG MARKT

<i>What is our target?</i>	<i>How do we measure our progress?</i>	<i>What is the state of play?</i>
3% reduction in energy consumption compared to 2009	Electricity and gas consumption	Data will be available in the course of 2010
3% reduction of CO ₂ emissions related to transport compared to 2009. 10% increase in the used of video conferencing Raise awareness of staff on greener mobility options	Level of CO ₂ emissions related to business travel and to transport to/from the office	Data will be available in the course of 2010
2% reduction of paper and ink consumption and increased recycling.	Paper and ink consumption	Data will be available in the course of 2010
Increase car-pooling to 5 % of staff	More use of car-pooling	Data will be available in the course of 2010

Key activities

- DG MARKT staff to be informed about and be aware of environmentally friendly behaviour (e.g. switching off office lights/ IT equipment, reduce heating/AC, printing in eco mode) in order to reduce individual energy consumption and paper consumption.
- IT equipment in the DG to be adapted to secure minimal consumption in order to reduce energy consumption related to IT equipment.
- Ensure DG MARKT staff going on mission are aware of CO₂ footprint and encourage options such as video conferencing or rail travel for journeys below 400 km.
- Awareness raising actions (e.g. car-free day) to increase use of public transport, car-pooling, cycling and walking to work in order to reduce CO₂ emissions related to staff transport to the office.