

Support from the Committee of the Regions for the Single Market Review

In the Autumn the EU's Committee of the Regions (CoR) will be presenting its opinion on the Single Market Review published by the Commission last November. Minister Volker Hoff of the Land of Hessen, CoR's rapporteur on the Single Market Review report, talks to SMN



Mr Volker Hoff (DE/EPP), Minister of the Land of Hessen and rapporteur for the CoR's opinion on the Single Market Review: "EU-level action must bring demonstrable value added"

"In today's Europe, some three quarters of EU legislation is implemented at regional or local level. And the job-creating and wealth-creating forces of the EU economy are recognised to be the small businesses - the SMEs - who are for the most part local operators. We at the Committee of the Regions thus have a significant perspective to offer on future policy to effectively develop the Single Market," emphasises Volker Hoff, rapporteur of the CoR's Commission for Economic and Social Policy (ECOS).

The Single Market Review package presented by the Commission last November has been closely examined by the members of ECOS and its report 'Single market, social vision and services of general interest' will be presented for adoption by the CoR in the autumn.

Great achievements

"We recognise, like many others, that the Single Market is one of the EU's greatest achievements to date and is a key factor in enhancing the quality of life and prosperity of EU citizens," Hoff says.

"But the economic and political environment of the 1980s when the Single Market strategy was conceived is markedly different from today. The world economy is more globalised. There are major new players on the scene. The EU, as an economic bloc is faced with fierce competition from other often lower cost territories."

Against this background, the CoR sees the package of measures drawn up by the Commission as an important step towards meeting the challenges of the present and the future.

The globalisation challenge requires a strong response from the EU involving, among other things, the removal of barriers to the promotion of knowledge and innovation in EU countries. It must also incorporate a strong social and environmental dimension, the CoR stresses.

"While I am in full agreement with the broad sweep of the Commission's approach, there are many areas of detail which will have to be examined closely. Of particular concern to the CoR and the regions and local governments it represents is the issue of subsidiarity," Minister Hoff explains.

"We are convinced that the Single Market can only operate effectively if businesses are competitive and the subsidiarity principle is complied with. The European institutions cannot micromanage 500 million consumers. It should focus its efforts where it offers a clear value added to citizens and businesses."

The CoR points out that the Commission may, in line with the principles of subsidiarity and proportionality, only take action if the Member States alone are not sufficiently equipped to achieve

the objectives in question and on condition that EU-level action will bring a demonstrable added value.

SME support and better regulation

The CoR shares the Commission's view that the Single Market must strengthen the position of SMEs and maximise benefits to consumers.

The Commission rightly points to the importance of the small business sector - the SMEs - to the EU economy. They now account for most of the job creation in the EU and are driving force of the economy, Hoff explains.

More indeed should clearly be done to facilitate access for SMEs to the Single Market to enable them to grow more effectively and to exploit their entrepreneurial potential to a greater degree.

"We fully support the Commission in promoting the 'think small first' principle and its initiatives to back SMEs," Hoff says. "The simplified company law structures that are in the pipeline are a good way of boosting the competitiveness of European businesses."

"We believe that simple, unbureaucratic and effective rules provide a direct conduit to a balanced competitive environment and to economic stability. Suc-

cessful measures in this field will have a direct and positive economic impact. Even reducing the costs and complexity of start-up advice is beneficial at the entrepreneurial level."

Better regulation

The CoR welcomes the fact that the Single Market Review repeatedly draws attention to the importance of "Better Regulation", impact assessments, evaluation and simplification in respect of legal provisions; and the need to reduce bureaucracy.

The Land of Hessen Minister points out that the regionally-focused members of the CoR can play a useful role focusing EU efforts to cut bureaucracy. CoR members strongly believe the Commission and the Member States should consult local and regional authorities and industry to discuss which bureaucratic barriers can be dismantled in the interests of businesses, and SMEs in particular.

Research and innovation

In the face of heightened competition from knowledge-based economies European businesses, the CoR recognises, need to be even more innovative and creative if they are to stay competitive. It is important therefore that the EU pushes ahead and raises research spending.

"The European Council has set the objective of raising research expenditure in the EU to 3% of GDP. This in our view is a key element in the competitiveness and future sustainability of European industry," Hoff emphasises.

"In addition to increased competition, entrepreneurship, innovation and investment, these factors are a driving force of enhanced productivity."

Education and training

The Committee of the Regions also accords great importance to education and training – and thus skills development. "This is the major challenge facing the EU, Member States and the regions," Hoff says.

"The capacity of the Member States, regions and local authorities to invest in human capital needs to be improved so that the concept of lifelong learning does in fact become a reality.

"CoR recognises the key importance of education and skills acquisition for young people as a sine qua non of job creation, social integration and thus the success of the Single Market."

Managing change

Whilst there can clearly be benefits to globalisation, Europe's response to meet the challenge will require significant changes to the economic and social landscape of the EU in order to ensure the long term international competitiveness of EU industry.

CoR agrees with the Commission that many of the requisite innovative economic and social policy solutions will have to be found primarily at local, regional and national levels. This, the CoR says, highlights the important role to be played in this context by local and regional authorities, and the social partners.

Perception

"The EU, we recognise, does have a perception problem at the grass roots level," Hoff cautions. "People are more aware of EU rules trying to regulate the shape of bananas than the global economic benefits which the Single Market has brought about.

"In my own Land of Hessen we had a short-lived but heated dispute with Brussels over a threatened change to the EU classification of our famous and centuries-old 'Apfelwein'. Though the Commission finally accepted that our apple-based drink could continue to be called 'wine', such disputes do no good for the reputation of the EU at the popular level."



The Committee of the Regions (CoR) is the political assembly that provides local and regional authorities with a voice at the heart of the European Union. The CoR, whose seat is in Brussels, is composed of 344 representatives of regional and local governments and aims at increasing the participation of European regions in community life.

The Land of Hessen indeed is very proud of its work in removing bureaucracy, Hoff explains, and the last thing it wants is more paperwork ordered from Brussels in the search for greater regulation.

"Support for the EU will increase only when people personally experience the benefits which it offers them. There is clearly a need for Member States to communicate, in a more focused way, the links between the Single Market, on the one hand, and consumer protection, the expansion of employment, economic growth and price stability, on the other hand."

Minister Hoff believes that the regions can play a more prominent role in improving communications about Europe.

In an earlier report ('The future of the single market and stocktaking of European society') the CoR has given its view that the Commission, the Member States and local and regional authorities should, in order to allay the concerns of citizens and businesses, better communicate how to manage economic and social adjustment that results from globalisation and increased competition.