

Courtesy Translation

TO
MR JOSÉ MANUEL BARROSO
PRESIDENT OF THE
EUROPEAN COMMISSION

DEAR MR BARROSO,

At a joint session held on 30 March 2011, the Committee on European Affairs and Oversight of the European Funds and the Budget and Finance Committee reviewed **the package of six legislative proposals of the European Commission concerning the strengthening of the Stability and Growth Pact and of the coordination of economic policies of the EU Member States**, included in the (2011) Annual Working Programme of the National Assembly on European Union Issues, under **sections 33–38**.

Within the framework of the political dialogue, and in view of the forthcoming discussion on the EC's package of legislative proposals in the European Parliament, enclosed is a copy of the position expressed by the two sectoral parliamentary committees, including our stance on the Single Market Act in the context of the new economic governance. Given the importance our national parliament places on the enhanced democratic control over the key aspect of the European agenda, a Public Consultation Council — under the Committee on European Affairs and Oversight of the European Funds — sat on 29 March 2010 for the topic *From the European Semester to the Single Market Act: a sustainable and financially stable Europe*. With this in mind, I am also enclosing the results of the then-conducted survey among the representatives of the business and the civil society that participated in the Public Consultation Council. The survey reflects their viewpoints and recommendations on some of the central proposals underpinning the Single Market Act.

We highly appreciate that the Bulgarian Parliament's position will be considered.

I am confident that our established, fruitful cooperation will continue to grow.

Enclosure: as per the text

Yours sincerely,

PRESIDENT
OF THE NATIONAL ASSEMBLY

TSETSKA TSACHEVA

JOINT STATEMENT
OF THE COMMITTEE ON EUROPEAN AFFAIRS AND OVERSIGHT OF THE EUROPEAN FUNDS
AND
THE BUDGET AND FINANCE COMMITTEE
TO THE NATIONAL ASSEMBLY OF THE REPUBLIC OF BULGARIA

After the discussion on the package of six legislative proposals of the European Commission for strengthening the economic governance of the European Union (EU), the Bulgarian Parliament via the Committee on European Affairs and Oversight of the European Funds (CEAOEF) and the Budget and Finance Committee (BFC), expresses the following statement, which is to be sent to the European institutions:

1. CEAOEF presented their concrete proposals during the sitting held on 9 February 2011 in regard to the package of six legislative proposals of the European Commission, concerning the strengthening of the Economic Governance of the EU (Report of CEAOEF № 040-01-44 of 15 February 2011 with attachments 1 and 2) in relation to the European Parliament Resolution of 20 October 2010 on the financial, economic and social crisis: proposals on the measures and initiatives which must be undertaken.
CEAOEF made its contribution to the subsequent debate in the frames of the inter-parliamentary meeting, held on 14 March 2011, arranged by the Special Committee on the Financial, Economic and Social Crisis (CRIS) of the European Parliament (EP). The topic was "Investing in the real economy". With this statement the members of the Bulgarian Parliament CEAOEF and BFC reiterate their principle support on the above mentioned legislative proposals package of the European Commission.
2. Assessing the separate draft proposals of the European Commission, CEAOEF and BFC consider that there is a full compliance with the subsidiarity principle, established in article 5, paragraph 3 of the Treaty on European Union (TEU) because the objectives in the proposed by the EC action cannot be sufficiently achieved by the Member States but can rather be better achieved at EU level.

In regard to the principle of proportionality, established in article 5, paragraph 4 of the TEU, the EC legislative proposals do not exceed what is necessary to achieve the objectives of the Treaties.

3. CEAOEF and BFC deem that the implementation of the new economic governance provides an opportunity for preliminary fruitful discussion between the European institutions and the Member States without provoking concerns that the National Parliament sovereignty in one of the most sensitive areas, namely the budget forming, would be taken away.
Taking into account the lessons learned from the economic crisis and the not so satisfactory implementation of the Lisbon strategy, the Bulgarian MPs of the two parliamentary committees believe that it is of primary importance that the process management be done prior to the decision – taking. To date, intervention has been

undertaken mainly to correct certain unfavorable situation. The new economic governance mechanism is being welcomed - it aims to prepare in advance joint response to the potential problems, find common solutions, taking into consideration the national differences of the Member State and fixing possible unfavorable actions. In that way the Bulgarian Parliament will keep playing its major role in the budgetary process but will be much more informed on what the other EU countries are doing and what collective response could be given to potential problems adjusting it to the Member States' differences.

4. CEAOEF and BFC consider that the approach to the new economic governance has to efficiently combine the development of the EU economy as a whole, the different economic growth models in the Member States as well as the specific economic factors for sustainable growth in each one of them. **The catching-up process of the new EU Member States should be carefully analyzed and taken into account. CEAOEF and BFC believe that doing so, the "Europe on two speeds" risk would and should be avoided.**
5. In the context of the new EU economic governance, the growth stimulating measures of the Annual Growth Survey which marks the start of the European Semester, CEAOEF and BFC reckon that the Single Market is one of the tools for recovery from the financial, economic and social crisis and is capable of becoming a real growth engine. **The Single Market creates preconditions for highly competitive social market economy and regaining the confidence of the business mostly through lifting and not allowing unjustified obstacles before the free movement of goods. In regard to the introduction of common tax policy, there should be a careful approach so that the potential changes not have a negative impact on the predictability, stability and competitiveness of the business environment.**

The EU citizens' right of free movement within the Union, to start work and reside in the Member States with their family members is of great importance for the stability and efficiency of the **Single Market which has always been recognized as one of the best achievements of the European integration. Such a market needs acceleration of the processes of lifting the national barriers and providing a free and equal access to it for every EU citizen.** The National Assembly of the Republic of Bulgaria works actively in direction of **eliminating the existing restrictions.**

On March 29 2011 a discussion has been held within the Council for Public Consultation to the CEAOEF. The topic was "From the European Semester to the Single Market Act – EU financial stability and sustainable development". The representatives of the Bulgarian business and civil society were asked for their opinion and recommendations on the key moments of the Single Market Act. The answers have been systematized and presented as an attachment to this statement.

The Bulgarian Parliament contributes to the successful realization of the new economic governance and actively participate in the debate on number of related issues as the European Semester and more specifically the coordination of the National Reform Programmes and Convergence Programmes with the 10 measures of the Annual Growth Survey, synchronization between the national draft budgets at EU level; the permanent European Stability Mechanism; the Europlus Pact; the Single Market Act; the Bulgarian Financial Stability Pact proposed by the Minister of Finance.

The National Assembly of the Republic of Bulgaria forms its position via discussions of the

above mentioned topics through:

- Meetings with representatives of the business and the NGO sector in the frames of the Council for Public Consultation to the CEAOEF;
- Hearings of government representatives before the relevant parliamentary committees;

- Participation in inter-parliamentary meetings, organized by the European Parliament (for example the meetings held in the middle of March 2011 with the CRIS and ECON committees, dedicated to the investment in the real economy and the European Semester);
- Participation in the COSAC meetings;
- Dialogue with the European institutions: meetings with members of the European Commission and European Parliament.

**From the European Semester to the Single Market Act -
“EU Financial Stability and Sustainable Development”
Position of Bulgaria’s Business**

***Survey within the Council for Public Consultations to the Committee on
European Affairs and Oversight of the European Funds***

What’s your attitude towards certain Single Market Act proposals?

Taking into account the relevance of the discussions dedicated to the development of the Single Market, the Committee on European Affairs and Oversight of the European Funds in the framework of its Council for Public Consultations, conducted a survey among its members, aimed to find out what their position is on certain proposals stipulated in the Single Market Act. **A great number of business representatives expressed 370 opinions on those proposals.**

Summary of the opinions expressed:

The general opinion of the business representatives on the proposals within the Single Market Act is predominantly positive.
Their attitudes to certain SMA proposals are listed below:

Proposal 1:

“Improving SMEs access to capital markets through development of a regional stock exchange network and creation of conditions for free investment of the risk-capital funds in all Member States”

Responses:

- **agree – 92,3%**
- **disagree – 7,7 %**
- **no response – 0%**

Specific Comments:

“Reserves on the creation of risk-capital investment conditions”

The vast majority of business representatives demonstrate positive attitude towards this proposal. 92,3% support the idea to enhance the access of business /especially SMEs/ to capital markets.

Proposal 2:

„Measures to make investors more aware of SMEs through inclusion of the SMEs listings in the capital markets and making disclosure requirements more adapted to SMEs.”

Responses:

- **agree – 92,3%**
- **disagree – 7,7 %**
- **no response – 0%**

The major part of business representatives (92,3%) has positive opinion on that proposal and supports the increasing of potential investors' awareness of SMEs through inclusion of the SMEs listings in the capital markets.

Proposal 3:

“Simplification of the accounting standards for SMEs”

Responses:

- agree – 92,3%
- disagree – 0 %
- no response – 7,7%

Specific Comments:

“To make the standards at least twice more simple”

The major part of business representatives (92,3%) has positive opinion on the proposal, considering that significant simplification of the accounting standards is needed.

Proposal 4:

„Improving the access of SMEs to public procurements at national and European level through simplification of the public procurement procedures”

Responses:

- agree – 84,6%
- disagree – 7,7 %
- no response – 7,7%

The major part of business representatives (84,6 %) has positive opinion on the proposal. It has been provoked by the desire of the companies to have a great number of award and appeal procedures abolished. Some business representatives have responded negatively to the proposal, because they reckon that rules (and their simplification) should be equal for everyone.

Specific comments:

1. *„The access should be at least 6-8 months in advance rather than 1-2 months.”*
2. *„The participants shouldn't be separated by size”*

Proposal 5:

„Reducing the legal and administrative burdens for business through linking of company registers and mutual recognition of e-identification and e-authentication within the EU”

Responses:

- agree – 92,3%
- disagree – 0 %
- no response – 7,7%

Realizing the importance of the administrative burden reduction proposal, the business representatives support it in their predominant majority – 92, 3%.

Proposal 6:

„A common consolidated corporate tax base (CCCTB) and improved VAT systems.”

In regard to the consolidation of tax policy, all the business representatives expressed the opinion that national sovereignty on its choice and conducting should be kept, depending on the national economic development priorities. One of Bulgaria's main competitive advantages is the low tax burden. Today the country holds first place in the EU on lowest taxes. They are a key factor for attracting foreign investors. In this regard, the tax consolidation or the approach towards tax calculation would reflect negatively on our economy.

Responses:

- **agree – 0 %**
- **disagree – 97 %**
- **no response – 3%**

Proposal 7:

“Establishment of common standards for the products for different markets and accelerated approval of standards, keeping up with the rapidly developing technologies.”

Responses:

- **agree – 92,3%**
- **disagree – 0 %**
- **no response – 7,7%**

Business representatives assess positively (92,3%) the common standard-setting procedures within the EU.

Specific Comments:

1. *“Preliminary product, quality and technology analysis, including component analysis, taking into account the traditions of the country-producer.”*

Proposal 8:

„Introduction of common EU Patent, adequately guaranteeing intellectual property rights ”

Responses:

- **agree – 100%**
- **disagree – 0 %**
- **no response – 0 %**

All the respondents support the proposal; in the context of reducing administrative burden and costs for issue of patent.

Specific comments:

1. „A patent which is not expensive and issued in a short period of time.”

Proposal 9:

„Implementation of EU License in order for the business to significantly save the costs/expenditures for complicated procedures, providing fragmented protection of copyright – via common, clear and easy-to-use rules.”

Responses:

- agree – 92,3%
- disagree – 0 %
- no response – 7,7%

A major part of the respondents (92,3%) supports the implementation of EU License in order to save money and reduce the administrative burden for companies.

Proposal 10:

„Enhancing the Social Business Initiative”

Responses:

- agree – 76,9%
- disagree – 0,0 %
- no response – 23,1%

The Business is not completely positive towards this proposal- 23,1% of the companies refrain from comments on this matter.

Specific comments:

1. „More grant projects and multilateral participation in major EU projects.”

Proposal 11:

„Green energy production and increasing energy efficiency expenditures should not be fully transmitted to the final consumer”

Responses:

- agree– 76,9%
- disagree – 7,7 %
- no response – 15,4%

Business representatives support this proposal (76,9%). Some issues should be further clarified (e.g. the ones, related to expenditures for green energy.) If they are to be transmitted to the business or the consumers, they would lead to a significant and unaffordable burden for many of them.

Specific comments:

1. „Should the state cover 1/2 of the costs?”

2. „Who would cover the costs?”
3. „Green energy parks shouldn't be subject to grants. Energy efficient solutions and alternative energy production for personal use should be financially supported according to the final results.

Proposal 12:

„Single service market expansion and improvement of the services for the business”

Responses:

- **agree – 100%**
- **disagree – 0 %**
- **no response – 0 %**

The business completely supports the single service market development, being aware that achieving a single service market actually depends on each country's efforts and specific measures.

Specific comments:

1. *„To strengthen the service control, helping consumers when they protect their rights.”*
2. *„Harmonization of the documentation, concerning the service supply”*

Proposal 13:

„Wide use of the electronic commerce, guaranteeing the security of digital information and balanced protection of consumers' and retailers' rights.”

Responses:

- **agree – 84,6%**
- **disagree – 0,0 %**
- **no response – 15,4 %**

A major part of the business representatives (84,6%) support the e-commerce development, as a factor for the Single Market development. E-security problems are becoming more and more relevant. So when we talk about expanding the e-commerce, we need to look for problem solutions which would help us eliminate counterfeits and abuses.

Proposal 14

„Removal and prevention of the existing and unjustified obstacles for the free movement of goods within the Single Market”

Responses:

- **agree – 100%**
- **disagree – 0 %**
- **no response – 0 %**

All business representatives explicitly support this measure which would lift the free movement of goods barriers within the Single Market.