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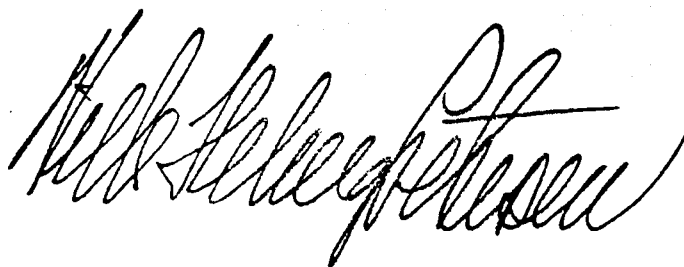
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Single Market Scoreboard

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INTRODUCTION

Internal Market strategy: the setting of priorities is proving beneficial

The "2000 Review of the Internal Market Strategy", adopted by the Commission in May 2000, established 11 priority actions for the Commission, the Council and the European Parliament to complete by December 2000. 9 of these priority actions are likely to be completed on time. To these should be added the regulation on the unbundling of the local loop which should be adopted by the Telecommunications Council in December.

The Community institutions and the Member States need to improve the pace at which the target actions set in the Strategy are completed. Out of a total of 80 target actions due by the end of the year, only 44 will be completed on time but a further 28 are expected to be completed early in 2001.

Recognising the importance of food safety the Commission has made proposals to establish a European Food Authority and lay down the general principles of food law. The Commission has set out its first ideas on a strategy for removing barriers to services, which was a Lisbon European Council priority. It has also adopted important maritime safety proposals in the light of the Erika disaster, including the establishment of a fund to compensate for damages caused by oil pollution and of a European Agency for Maritime safety.

The Commission also helped to organise, with the European Parliament and the French Presidency, a Forum on the Internal Market on 28/29 November to look at how citizens, consumers and small businesses can better take advantage of opportunities provided by the Internal Market and what needs to be done by public administrations to help them.

Financial services action plan: reasonable progress

On financial services, we have yet to see the quantum leap needed to achieve the 2005 deadline set by Heads of State and Government at the Lisbon European Council. The third report on priorities and progress confirms that, across the board, the situation remains satisfactory but with important qualifications. Progress in agreeing and implementing the proposals set out in the Financial Services Action Plan (FSAP) must be rapid, particularly in respect of those legislative proposals that have either recently been made or will come forward in the near future. The Commission undertakes not to allow any significant slippage in bringing forward the many initiatives, legislative and non-legislative, promised in the FSAP. All the measures in the Action Plan require parallel progress to ensure that the Union does not face a sub-optimal situation in its capital markets and financial services policies.

Transposition is improving

Transposition of Internal Market directives has considerably improved in most Member States. **Denmark, Finland, Sweden** have successfully kept their transposition deficit to below 1.5% and **Spain** is likely to achieve that target shortly. The transposition gap between **Greece** and other Member States has increased as important reforms are still pending in that country. **France** and **Portugal** have improved their performance since the May Scoreboard but their deficits are still more than 3 times larger than those of the best performers.

The "fragmentation factor", the percentage of directives not yet implemented across all Member States, remains high (12.8%). One in eight Internal Market directives has not been transposed in every Member State. The

problem includes legislation dating from the early nineties which still has not been implemented by some. At the Lisbon European Council, Member States renewed their commitment to speed up economic reform and establish a fully operational Internal Market. It is urgent that these commitments be translated into action and that Internal Market legislation is fully implemented by all.

Businesses confident in the Internal Market

Results from the business survey show an increasing level of satisfaction among businesses with the operation of the Internal Market. Satisfaction is markedly higher among larger industrial enterprises and lower amongst small construction companies. Three quarters of all business persons interviewed consider that the consolidation of the Internal Market will be either favourable or very favourable for their business.

A majority of businesses interviewed perceive a reduction in barriers over the past two years, although a significant proportion (35%) considers that obstacles encountered two years ago remain unchanged. Not surprisingly, the ranking of obstacles that inhibit businesses in the Internal Market remains fairly stable compared to the two previous surveys. Barriers related to high additional costs for rendering goods and services compatible with differing national specifications and unusual testing, certification or approval procedures continue to head the list. Other frequently encountered obstacles relate to distortions of competition due to state aids favouring competitors, problems encountered with VAT obligations, and inadequate mechanisms to deal with breaches of contracts across borders.

The results show that there is significant scope for improving the business environment. There is a remarkable degree of consensus on what needs to be done. More than 9 out of 10 interviewees point to a simplification of administrative procedures imposed on businesses and higher degree of standardisation of rules in the Member States. Development of trade and co-operation with the rest of the world comes as a third priority.

The prospect of enlargement is considered favourably or very favourably by 60% of interviewees. Asked about their assessment of changes in rules and the functioning of markets in candidate countries in the last two years, 67% of all companies saw an improvement, while 27% identified only slight changes and 5% saw a deterioration. Bigger companies feel more positive than smaller ones, and the services sector is more positive than construction, distribution and industry. Most progress was perceived (though from different starting points) in Hungary, Poland and Slovenia and least in Bulgaria, Romania and Cyprus. Swedish, Finnish and Danish companies expressed the most positive views about progress achieved, while the most negative view was taken by Italian and Greek companies.

Business Feedback mechanism

The Business Feedback Mechanism database is beginning to acquire critical mass and to produce some preliminary results. These point to a need for administrations at all levels to step up their efforts to make the necessary information available to businesses, especially when they have to adapt to new rules.

A. MONITORING OF THE NEW STRATEGY FOR THE INTERNAL MARKET AND OF THE FINANCIAL SERVICES ACTION PLAN

1. *Interim Review of the Internal Market Strategy*

The Commission has undertaken to review annually target actions and priorities established in the Internal Market Strategy. The first review, which took account of the Lisbon European Council conclusions, was published in May this year¹. This edition of the Scoreboard shows progress on those target actions due to be completed by the end of December 2000. The next review is due to be published by mid-April 2001 in time for consideration by Member States at the 5 June Internal Market Council.

Completed Target Actions

Of the 80 target actions in the current Strategy with a deadline of the end December 2000 the Commission estimates that 44 will be completed on time. Progress has been made on a further 28 target actions most of which will be completed early in 2001. In the case of 9 there has been little or no progress (see details in Annex).

This is a disappointing performance, but better than that reported in the May Scoreboard. There is much room for further improvement. The task of improving the rate of progress is shared between the Commission, the Council and the European Parliament.

The performance was more encouraging as regards priority actions which confirm the usefulness of the prioritisation process. The Review of the Strategy established 27 priority target actions which were likely to have the greatest and most immediate impact in improving the functioning of the Internal Market, thereby maximising the benefits for citizens, consumers and business. Out of the 11 priority actions with a deadline of December 2000 9 have been completed (See figure 1). To these should be added the regulation on the unbundling of the local loop which should be adopted by the Telecommunications Council in December, which will require the local

loop to be unbundled by 1 January 2001 and which was one of the key measures in the electronic communications review package due to be adopted in 2001.

For the Commission these include crucial proposals to set up the European Food Authority and laying down the general principles of food law, proposals for enhancing maritime safety in the light of developments following the Erika disaster and the Communication on a Strategy for Removing Barriers to Trade in Services, a particular priority for the Lisbon European Council. The Commission has also made progress in the implementation of both the Financial Services Action Plan and the Risk Capital Action Plan (see below) and has established an on-line Forum for the exchange of information on Alternative Dispute Resolution (ADR) and e-confidence issues.

The Internal Market Forum, on enforcing Internal Market Rights and Means of Redress, was brought forward from 2001 to November 2000 under the French Presidency. Its results will be important in making Internal Market policy more responsive to the concerns of citizens, consumers and small businesses.

The Council and European Parliament also had priorities to complete and have adopted a Directive on Copyright and Related Rights in the Information Society. The conciliation procedure is underway on the Rail Infrastructure Package, and the directives are likely to be adopted in January 2001.

Target Actions not yet completed

As regards priority actions, agreement has still not been reached on the European Company Statute: and 4 Member States have still not fully transposed the directive for an Internal Market in natural gas.

¹ The "2000 Review of the Internal Market Strategy" is available on the web at http://europa.eu.int/comm/internal_market/

Most of the other target actions which were due to be completed by the end of December 2000 will be achieved early in the first half of 2001. The need for further consultation with outside organisations

and discussions with Member States, or to take account of European Court decisions has meant further delays for some target actions including, for example, those relating to Door to Door

Figure 1: Priority actions likely to be completed by December 2000

CITIZENS 2

ENHANCE CITIZENS' HEALTH AND SAFETY AND PROMOTE THEIR ECONOMIC INTERESTS

- Commission Third Report on Implementation of the Financial Services Action Plan and Commission Communication on Implementation of the Risk Capital Action Plan.
- Commission second package of proposals on maritime safety. Council and EP reached common position on the first legislative package post the Erika disaster.
- Commission proposal for a Regulation establishing an European Food Authority and laying down general principles of food law.

CITIZENS 3

REINFORCE AND PROMOTE THE FULL USE OF THE RIGHTS OF CITIZENS

- Commission, European Parliament and French Presidency Internal Market Forum for citizens, consumers and business held 28/29 November 2000.

MARKETS 3

MAXIMISE THE BENEFITS TO THE INTERNAL MARKET OF THE DIGITAL AGE

- Council and EP adopt Directive on Copyright and Related Rights in the Information Society.
- Commission sets up on-line Forum to act as one stop-shop for exchange of knowledge on ADR and e-confidence issues.

MARKETS 5

SECURING EFFECTIVE MARKET-OPENING LEGISLATION IN THE UTILITIES AND TRANSPORT SECTORS, WHILST PRESERVING UNIVERSAL SERVICE

- Council and EP adopt Directives on the Rail Infrastructure Package.
- Member States transpose and implement fully Directive on common rules for the Internal Market in electricity.

BUSINESS 4

ELIMINATE THE REMAINING OBSTACLES TO CROSS-BORDER TRADE

- Commission proposes Strategy for Removing Barriers to Trade in Services.

Part A

Sales, Misleading Advertising, Commercial Communications and Sales Promotions and the Communication on Environmental considerations in Public Procurement.

2. Financial Services Action Plan

The third report on the progress in implementing the Financial Services Action Plan (FSAP)² confirms that, across the board, the situation remains satisfactory but with important qualifications. There is yet to be the quantum leap needed to achieve the 2005 deadline set by Heads of State and Government at the Lisbon European Council. The Commission cannot allow any significant slippage in bringing forward the many initiatives, legislative and non-legislative, promised in the FSAP. Progress in agreeing and implementing these proposals must be rapid, particularly in respect of those legislative proposals that have either recently been made or will come forward in the near future. In order to improve co-ordination between the institutions the so-called '2005 Group' has been set up. An exercise to introduce benchmarking has also been launched.

The Commission has, at the request of the Ecofin Council, reviewed the FSAP in order to refine its priorities and indicated for each the critical path that must be achieved if the 2005 deadline is to be met. The Commission suggests a set of critical priorities for the coming six months for each institution. These could be reviewed, and added to, in successive progress reports in order to maintain the momentum towards the 2005 deadline. In setting priorities the Commission emphasises that all the measures in the Action Plan require parallel progress to ensure that the Union does not face a sub-optimal situation in its capital markets and financial services policies.

The report also notes the establishment of the Group of Wise men under the chairmanship of Baron Lamfalussy whose interim report, issued on 9 November³, will be considered at the 27 November Ecofin Council.

² COM (2000) 692/2 final, Financial Services: priorities and progress, 3rd report; accessible on http://europa.eu.int/comm/internal_market/

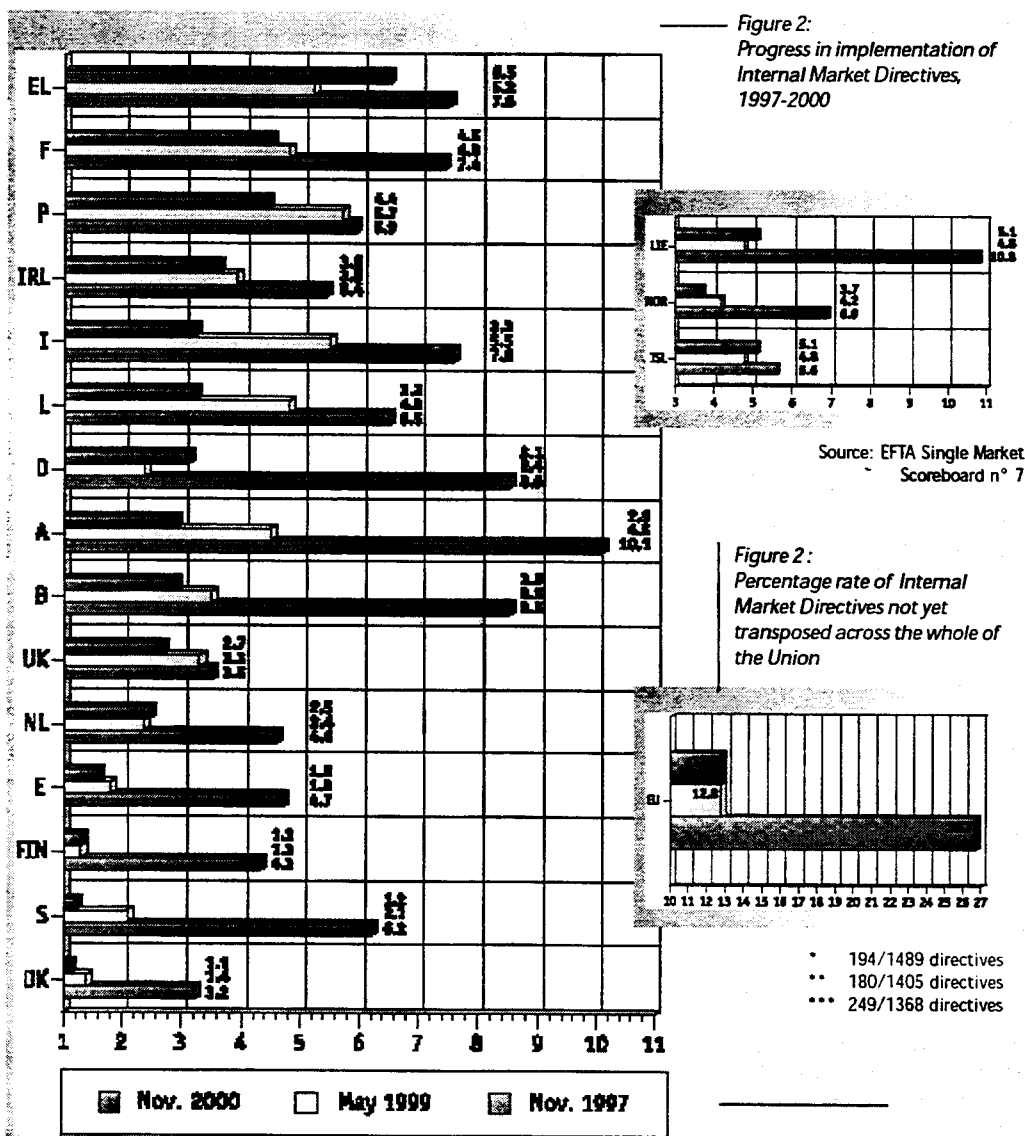
³ Initial report of the Committee of Wise men on the regulation of European securities markets; accessible on http://europa.eu.int/comm/internal_market/

B. OVERVIEW OF THE INTERNAL MARKET REGULATORY ENVIRONMENT

1. Implementation of Internal Market Directives

Three years since the first launch of the Scoreboard it has become clear that administrations can achieve a significant reduction in the "implementation deficit" of Internal Market legislation only if intense administrative activity is coupled with political support at the highest

levels. Internal Market legislation involves important reforms that can only be successfully implemented if there is adequate political backing. Countries like **Italy, Luxembourg and Belgium**, which in the past seemed to face serious difficulties in transposing Community legislation in a timely way, appear to have overcome these problems. **Denmark, Sweden, Finland and Spain**



Part B

Figure 3: Member States' backlog of non-transposed directives analysed by calendar year according to the deadline for implementation and observed average delay.

Year of Transposition Deadline	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	Backlog of non-transposed Directives over total number of Directives
1994				1		1	1					1				4/77 5.2%
1995				1		2	1									4/71 5.6%
1996	2		1	4		13	4	2	2	1	1					12/58 20.7%
1997				1		4	2	1	1							6/71 8.5%
1998	2	1	2	9	1	8	3	6	3	4	4	2	1	1	4	26/69 37.7%
1999	13	5	15	27	1	19	15	12	16	9	13	16	4	3	13	61/95 64.2%
<15.04.2000	26	9	26	49	21	28	25	24	22	20	23	43	10	12	21	65/72 90.3%
Average delay in notification (months)	10.6	8.9	10.8	14.7	6.0	18.1	16.9	13.2	12.8	12.6	11.7	10.8	7.9*	7.2	10.6	

* the average delay does not take account of 5 directives that Finland recently recognised that it should have transposed as part of the acquis

have done best in coming to grips with the transposition process, and though they face some delays, they are well on course for eliminating their transposition backlog. Three countries: **Greece, France and Portugal** continue to have a transposition deficit above 4% despite some progress made since the May Scoreboard.

The problem is most acute in **Greece** where important reforms are still pending. The situation in **Portugal**, although still not satisfactory, is improving and mainly concerns delays in transposing recent legislation. In **France**, however, a combination of partial and delayed transposition suggests continuing difficulties with the process of implementation. It is hoped that recent moves by France to speed up the transposition process will result in a significant improvement.

It is clear that the target of reducing the transposition deficit below 1.5% cannot be met by more than a handful of Member States this year. Most Member States must therefore continue and indeed step up their efforts to bring forward the necessary reforms. **Greece, France and Ireland**, which show also some of the longest delays in transposition, with some directives overdue since 1994, must act swiftly to close these legislative gaps which are weakening the Internal Market.

In the EFTA States, though the overall situation has improved since 3 years ago, the initial momentum seems to have been lost, with only Liechtenstein showing some good progress recently. Thus, there remain 90 Directives for Iceland, 70 for Norway and 56 for Liechtenstein to be implemented before the end of the year.

Figure 4: State of Member States' transposition backlog

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Number of Directives to be implemented before end of 2000	51	24	51	103	30	73	60	54	53	44	51	72	27	24	47
Number of Directives overdue at 15.10.2000	43	16	45	95	23	66	52	47	47	36	43	64	19	17	39

At sectoral level things have improved since previous editions. Most gaps nowadays stem from delays in transposition in a few Member States (figure 5). Only in transport, where almost half of the Directives have not been implemented by all Member States, do implementation problems appear across the board. In Greece there are problems in veterinary legislation, feeding stuffs, food legislation, transport, environment, public procurement and consumer legislation. In France, despite some progress, problems continue in relation to veterinary checks, telecommunications and energy. In Portugal delays relate to directives on tractors and machinery and public procurement. Finally in Ireland intellectual and industrial property is a serious problem.

In relation to the EFTA States the pattern of implementation varies as well. In Norway important gaps remain in legislation on health and safety at work. In Liechtenstein problems concentrate on company law, telecommunications and insurance. In Iceland on public procurement, feeding stuffs and transport. As of 1 June 2000, the free movement of workers and freedom of establishment should be applicable across the EFTA States. Liechtenstein may however, maintain certain measures to

limit the number of persons taking up residence each year.

Part of the late implementation problem in the EU concerns older Directives for which the deadline for implementation expired before July 1998 (Figure 6). Infringement proceedings have been initiated in all cases. Of the 54 cases, 7 risk being referred to the European Court for a second time under Article 228 (formerly Art. 171) against France, Greece, Luxembourg and Italy for failing to comply with earlier judgements relating to the non-implementation of directives (Figure 6).

2. Infringements

Early resolution of legal disputes between Commission and the Member States remains crucial to the efficient functioning of the Internal Market. The infringement procedure provides for a dialogue between the Commission and the Member State concerned. In most cases, the reply from the Member State allows the case to be closed. However, if the Commission, despite the arguments put forward by the Member State, considers that the breach of Community law persists, it delivers a reasoned opinion to the Member State, inviting the latter to react.

Figure 5: Breakdown by area and Member State of non-transposed directives ranked according to the number of directives not yet transposed in all Member States

	****	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Veterinary checks (216)	31	1	4	4	23	3	12	7	8	6	5	3	5	1	4	13
Food legislation (109)	12	4	-	7	8	3	4	5	5	1	1	4	7	-	-	6
Transport (73)	30	6	1	1	10	1	3	15	6	5	6	7	4	7	4	3
Forestry, tractors and machinery (51)	12	2	2	-	7	1	1	1	1	1	1	3	11	-	1	2
Social policy (51)	11	2	1	-	3	-	4	2	2	2	-	3	2	1	1	1
Environment (93)	11	8	3	9	8	6	6	6	3	5	4	4	7	-	-	6
Telecommunications (18)	4	-	-	-	1	-	3	1	3	1	-	-	-	-	-	-
Intellectual property (8)	4	1	-	1	1	1	1	3	1	2	1	1	1	-	1	1
Public procurement (11)	4	-	-	2	3	-	2	-	-	-	-	2	3	-	-	1
Consumers (18)	4	-	-	-	4	3	3	3	-	4	1	-	1	2	-	-
Energy (12)	3	1	-	1	-	-	2	-	1	1	-	-	2	-	-	-

**** number of Directives not transposed in all Member States

(#) number of Directives concerned in each sector

Part B

Previous editions of the Scoreboard have highlighted the high volume of infringement cases opened each year. To provide a benchmark for improving performance in this area the ratio of reasoned opinions to letters of formal notice issued and the percentage of alleged infringement cases closed will be monitored.

Initiating an infringement procedure merely reflects the Commission's view that the Member State is failing to fulfil its obligations under the Treaty. Only the Court of Justice can rule definitively that a breach of Community law has occurred. In most cases the Commission and the Member State are able to resolve their differences without recourse to the Court. Figure 7 compares Member States' records in solving disputes for alleged breaches of Internal Market rules

following the issuing of letters of formal notice by the Commission. Data refer to cases of incorrect application and incorrect implementation.

Member States performance is compared over a two year period, namely, from 1 January 1998 to end of December 1999. The high ratio of reasoned opinions to letters of formal notice issued in the case of some Member States reflects their difficulty in solving infringements cases quickly. This may result from political or legal problems or, more simply, from the fact that administrations take a long time to take the necessary measures to resolve the problem. Conversely, the high ratio of closed cases can be interpreted as sign of the Member States' willingness to engage in a constructive dialogue in order to resolve the alleged problem and a commitment to solve problems swiftly.

Figure 6: State of infringement proceedings opened for failure to implement Directives due before 1.7.1998

	EL	F	IRL	I	L	A	P	UK	NL	D	E
Referral to the ECJ under Art. 228	-	-	-	-	-	-	-	-	-	-	-
Infringement proceedings initiated under Art. 228	93/118 94/62 96/43	93/40 96/97		95/21	94/56	-	-	-	-	-	-
Court ruling	93/43	93/15 93/104 94/33	92/100 93/83 94/55 96/43 96/86	93/104	94/33 96/9	-	-	-	-	-	-
Referral to the ECJ under Art. 226	92/13 94/56 95/53 95/69 96/24 96/97	95/17 95/47 97/8	95/50 96/9 96/49 96/87	96/51 97/51 98/10	-	97/59 97/65	-	-	95/47	96/43	96/62
Reasoned opinions	96/25 96/49 96/51	96/51 96/22 96/23 97/51 98/10	-	-	-	95/30	92/13 93/38	96/24 96/25	96/50	-	-
Total	13	13	9	5	3	3	2	2	2	1	1

Cases are not closed until an agreed solution is found to an alleged infringement or it is proven that a complaint was unfounded. Despite the long lead time allowed by the data only 40% of cases had been closed to date. Member States performance is uneven although once again Scandinavian countries seem to perform better than others.

3. Implementation of the regulatory framework for services in the Information Society

Community efforts to lay down a favourable regulatory framework for the development of information society services are being pursued with great vigour. In December 1999, the European Parliament and Council adopted the digital signatures Directive and in June 2000 the Directive on electronic

commerce. In July 2000 the Commission was able to conclude its long standing dialogue with the US over adequate protection for personal data transferred from the EU to the United States. Finally, an on-line Forum was set up to support initiatives for on-line out of court redress. Since August 1999, the Commission has been able to examine more than 30 national measures notified in compliance with the "Transparency Directive" which obliges Member States to notify new national rules and regulations applying to Information Society services. These related to national measures in digital signatures, encryption, interception of communications, decoders, electronic commerce, audio-visual, domain names, etc. This has enabled the Commission to draw to the attention of national authorities the risk of adopting new regulatory restrictions incompatible with the principles of free supply of online services and to clarify the interpretation

Figure 7: Comparison of Member States ratio of reasoned opinions and cases closed after receipt of letter of formal notice between 1998-99

	B	DK	D	E	EL	F	IRL	I	L	NL	A	P	FIN	S	UK	EU
Ratio of reasoned opinions to Letters of formal notice	50.0	15.8	42.4	41.7	40.7	40.4	51.6	47.4	72.7	38.1	33.3	43.2	22.7	32.0	41.2	41.9
Percentage of cases closed	34.4	47.4	31.8	51.7	42.6	38.2	35.5	39.5	27.7	38.1	38.3	48.7	50.0	44.0	58.8	40.9
Comparison with Scoreboard 5	28.6	47.6	35.7	41.9	40.0	28.0	37.9	41.0	25.0	48.2	37.3	22.2	53.9	40.6	47.5	36.8

Raw data

Number of Letters of Formal notice	64	19	66	60	54	89	31	76	22	21	60	37	22	25	34	680
Corresponding number of Reasoned opinions issued	32	3	28	25	22	36	16	36	16	8	20	16	5	8	14	285
Number of cases closed	22	9	21	31	23	34	11	30	6	8	23	18	11	11	20	278

Part B

Figure 7a: Comparison of EFTA States ratio of reasoned opinions and cases closed after receipt of letter of formal notice between 1998-99

	ISL	LIE	NOR	EFTA
Ratio of reasoned opinions to Letters of formal notice	14.3	35.6	27.8	25.2
Percentage of cases closed	75.0	57.8	59.3	64.5

Raw data

	ISL	LIE	NOR	EFTA
Number of Letters of Formal notice	56	45	54	155
Corresponding number of Reasoned opinions issued	8	16	15	39
Number of cases closed	42	26	32	100

of certain national provisions in accordance with Internal Market principles.

Figure 8 lists the Directives adopted to date by the European Parliament and the Council which are relevant to information society services. The list does not include legislation related to the telecommunications regulatory package as this is the subject of a separate and detailed Commission report. Out of the five Directives in force none has been fully implemented across the EU which highlights yet again the risks resulting from the delayed and uneven implementation of Community law. The rapid development of online and mobile services implies a significant decentralisation of information processing activities and their dissociation from the notion of territorial boundaries. Differences in treatment by Member States of online services can be an obstacle to free movement thus thwarting the cross-border supply of new services in Europe and penetration of new technologies.

Figure 8: State of implementation of Directives related to information society services

	Transposition Deadline	B	DK	D	E	EL	F	IRL	I	L	NL	A	P	FIN	S	UK
Protection of personal data (1995/46/EC)	24.10.98		×	*			*	*		*						
Data protection in telecoms (1997/66/EC)	24.10.98						×	*		*						
Databases (1996/9/EC)	1.01.98							*		*						
Transparency (1998/48/EC)	5.08.99					*			×							
Conditional access (1998/84/EC)	28.05.00	×		*	*	*		*	*	*	×		*	*		
Digital signatures (1999/93/EC)	19.07.01	<i>Spain, Luxembourg, Portugal, Austria and Finland have already implemented the directive</i>														
E-commerce (2000/31/EC)	17.01.02	<i>Luxembourg has already implemented the directive</i>														

X=partially notified

*= not notified

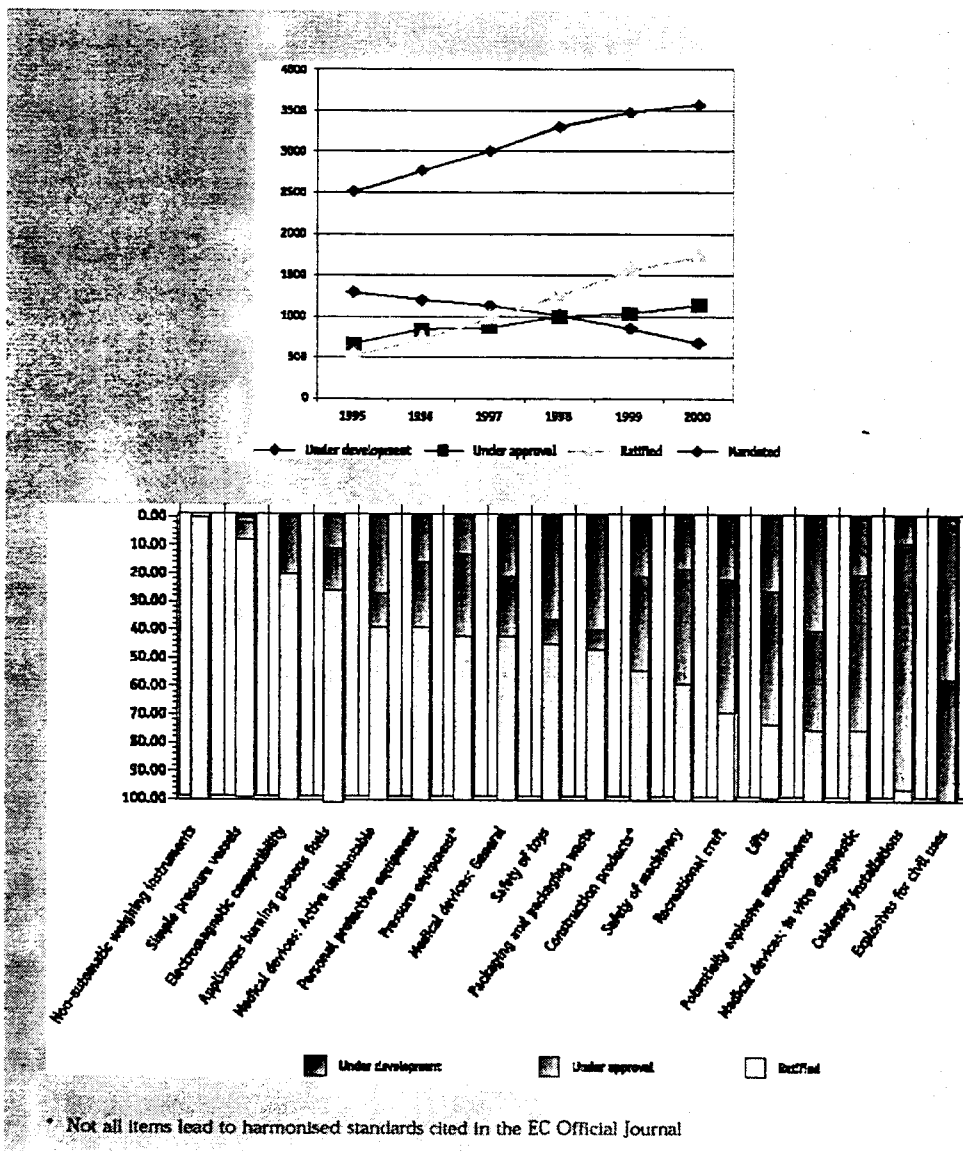
4. Progress in European Standardisation

European standards plays an important role in facilitating the marketing of products throughout the Union. Figure 9 shows the progress made with European standardisation under the "New Approach". In all, 163 new standards were ratified up to October 2000, raising number of ratified standards to 1754 compared to only 1289 in 1998 when the first data on standards were published in the Scoreboard. Thus around 50% of

mandated standards have been ratified compared to 45% a year ago and only 39% in 1998.

Closing this gap is an uphill task for standardisation bodies as new standards are mandated each year. Progress varies according to the directives concerned and is greater for older ones. Most of the work for areas such as weighing instruments, pressure vessels, electromagnetic compatibility, gas appliances and medical devices is

Figure 9: Progress in CEN's standardisation activities in the framework of the "New Approach"



Part B

completed. In fields such as construction products, pressure equipment, safety of machinery and personal protective equipment which account together for 80% of mandated standards under the "new approach" work is progressing steadily.

Transposition of European standards into national standards is equally important. The normal time allowed for transposition is six months from European availability. The performance

of Member States varies but on the whole is better than for the transposition of Internal Market Directives. **Spain, Portugal, Luxembourg, Italy and Greece** have a below average performance and should step up their efforts to match other Member States' performance (figure10).

Figure 10: Transposition of European standards into national standards

	B	DK	D	E	EL	F	IRL	I	L	NL	A	P	FIN	S	UK	EU
Transposition of European standards	99%	98%	99%	91%	96%	97%	100%	96%	93%	100%	99%	96%	99%	99%	97%	97.26

C. BUSINESSES SURVEY HEADLINE RESULTS

Results from the new business survey show an increasing level of satisfaction of businesses with the operation of the Internal Market. The satisfaction index, first introduced in 1999, shows a steady increase. Figure 11 compares results from the two surveys.

For a second year, interviewees were asked to give their marks to the operation of the Internal Market today and two years ago. On a scale from 0-100, where the minimum mark would mean an "off-putting and under performing" Internal Market and the maximum an "open and well functioning" one, the Internal Market gets an average of 64 points (61.8 in 1999). Satisfaction is highest in smaller countries, for example Denmark, Greece, Ireland and Finland and also in Spain. Satisfaction is markedly higher amongst larger industrial enterprises (70/100) and lower amongst small construction companies (59/100). Results for services, distribution and medium-sized companies are close to the average.

To provide more insight into businesses' perception of the functioning of the Internal Market, interviewees were asked to consider separately four characteristics

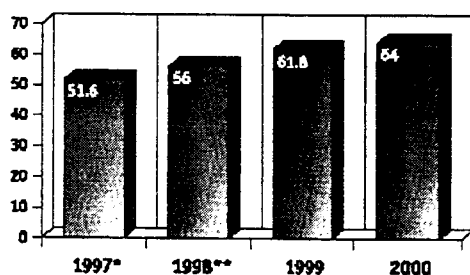
of the Internal Market which reflect an "ideal" definition of a market for products and services. Figure 12 tables the results.

Though the absolute figures by country are not strictly comparable, as cultural and domestic factors specific to the Member State may influence the level of the absolute rating, overall one can note greater satisfaction with the openness of markets to trade and competition and somewhat less satisfaction with the regulatory framework and the way rules are applied. Although results need to be interpreted carefully as interviewees' expectations and experience impact on their evaluation, it appears clearly that public authorities can positively contribute to increasing satisfaction with the Internal Market by improving the management of the Internal Market and promoting a more favourable business environment.

Nature of obstacles encountered in the Internal Market

In line with the Internal Market's improving overall satisfaction score, the majority of business persons interviewed perceive a reduction in barriers over the

Figure 11: EU satisfaction index with operation of the Internal Market



* index from 1999 business survey
** index from 2000 business survey

Source: EOS Gallup business surveys, 1999 and 2000

DK	E	EL	IRL	FIN	A	B+L	I	NL	F	D	P	S	UK
70	69	69	69	68	67	66	65	65	64	62	61	61	59

Survey conducted in September 2000 by EOS Gallup in all 15 Member States. Telephone interviews were carried out with the chairman/managing director for larger enterprises and the owner of the business for the smaller ones. Interviews covered 524 large companies (more than 250 employees), 1684 medium-sized companies (50 to 249 employees) and 1679 small firms (20 to 49 employees). Companies came from the services, distribution, manufacturing and construction sectors. The margin of error is of +/- 1.5% for the total sample. It ranges between +/- 2.5% - +/- 10% for the results by country or size of business.

Part C

Figure 12: How would you rate the Internal Market on a scale from 0-100, where the maximum rate, means:

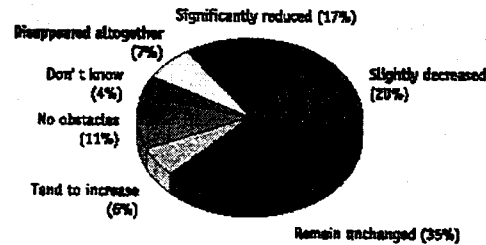
	Buy and sell products and services without hindrances	Competition is free and fair	Legal framework favours commercial activities	Rules are applied in an efficient and impartial way
	and the minimum the opposite?			
EU	70	67	64	63
Belgium & Lux	70	67	67	63
Denmark	81	76	66	73
Germany	65	64	58	56
Greece	76	80	80	81
Spain	84	81	80	81
France	73	65	66	62
Ireland	72	71	68	69
Italy	74	71	69	68
Netherlands	68	66	62	63
Austria	71	66	63	59
Portugal	72	68	66	65
Finland	70	65	68	60
Sweden	66	61	60	59
United Kingdom	67	64	61	59

Source: EOS Gallup survey, 2000

past two years. However, a significant share (35%) of interviewees consider that obstacles encountered two years ago remain unchanged. Only a small part (6%) consider that obstacles tend to increase (figure 13).

Consistent with findings from previous surveys, firms identify a wide range of obstacles that inhibit their ability to do business in the Internal Market (Figure 14). The ranking of obstacles remains fairly stable compared to the two previous surveys. Barriers related to high additional costs for rendering goods and services compatible with differing national specifications and unusual testing, certification or approval

Figure 13: Businesses' perception of progress in removing obstacles in the Internal Market



procedures continue to head the list. Other frequently encountered obstacles relate to distortions of competition due to state aids favouring competitors, problems encountered with VAT obligations, inadequate mechanisms to deal with breaches of contracts across borders and the discriminatory tax treatment of operations.

Obstacles affect businesses differently. On average SMEs tend to report fewer obstacles than large businesses. Big firms (employing over 250 persons) perceive more strongly obstacles related to state aid and restrictions to market access due to rights or licences in the hands of local competitors. Lack of legal security of cross-border contracts/transactions, inappropriate mechanisms for resolving breaches of contract and lack of protection against piracy and counterfeiting are significantly more important for SMEs than for big firms.

The relative importance of barriers and priorities for action

The relative frequency of obstacles however, is not proportionate to the impact of these obstacles on the performance of businesses and their assessment of the functioning of the Internal Market.

Figure 15 analyses the relative importance of obstacles to the Internal Market by setting their relative frequency against businesses' satisfaction ratings.

Obstacles in the two bottom quadrants of the chart are more penalising for

businesses. These tend to occur less frequently but they affect significantly businesses' view of the Internal Market. It may be inferred that the more direct the impact of an obstacle is, the higher is the businesses' frustration. This is the case, for example, with the refusal to authorise the marketing of products or services legally marketed in other European countries or discriminatory treatment in public procurement markets.

A limited number of obstacles (A,B,C,D) is situated in the upper right quadrant.

These are relatively frequent obstacles. Nevertheless, firms which experience them do not have a strongly negative impression of the Internal Market. This paradox may be explained by the fact that companies have discounted their impact by adjusting their strategy and operations to the day-to-day reality.

The future outlook

The survey shows that there is still significant scope for improving the business environment. 72% of the

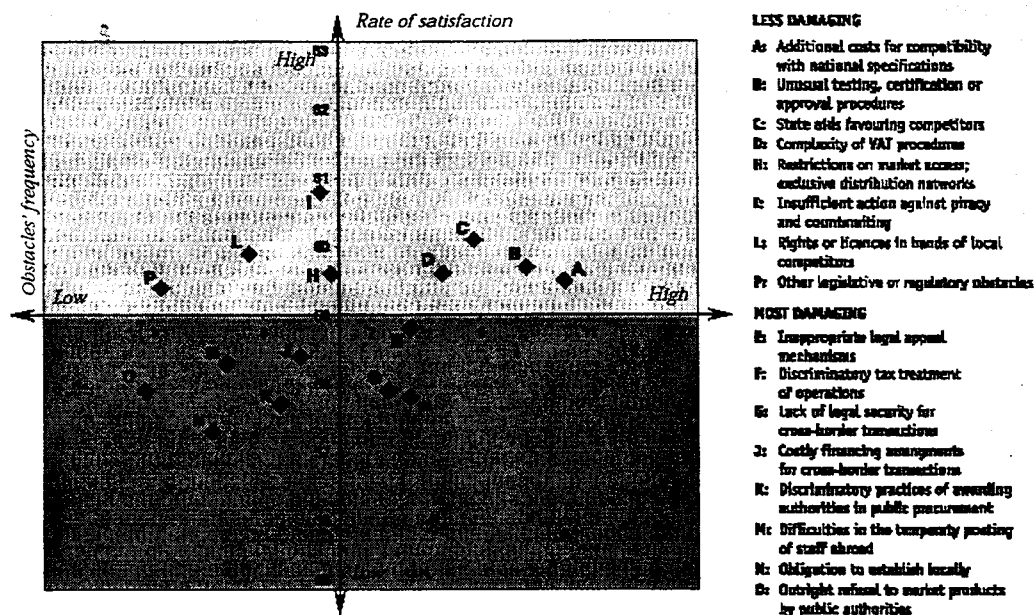
Figure 14: Nature of obstacles in the Internal Market

	Comparison of Results		Breakdown by size Year: 2000	
	2000 (3240)	1999 (3395)	SME + 20 (2957)	Majors (463)
Additional costs to render products or services compatible with national specifications	33%	37%	33%	31%
Unusual testing, certification or approval procedures	31%	31%	31%	33%
State aids favouring competitors	27%	29%	26%	32%
Difficulties related to the VAT system and VAT procedures	26%	27%	26%	29%
Inappropriate legal appeal mechanisms (breaches of contract)	24%	-	25%	21%
Discriminatory tax treatment of your operations	24%	17%	24%	23%
Lack of legal security of cross-border contracts/ transactions	23%	17%	24%	14%
None of these	19%	19%	19%	18%
Restrictions on market access; existence of exclusive networks	20%	23%	20%	21%
Lack of protection against piracy and counterfeiting	18%	18%	19%	13%
Costly financing arrangements for cross-border transactions	18%	18%	18%	16%
Discriminatory practices of awarding authorities in public procurement markets	16%	15%	16%	19%
Requested rights or licences in hands of local competitors	15%	15%	14%	19%
Difficulties in the temporary posting of staff abroad	13%	8%	13%	18%
Requirement to establish branch in another MS	13%	15%	12%	16%
Other legislative or regulatory obstacles	10%	15%	10%	9%
Ban to market a product/service legally marketed in another MS	9%	9%	9%	13%

(#)= The number in brackets indicates the number of interviews

Part C

Figure 15: Relative importance of obstacles



The relative frequency of obstacles is measured on the horizontal axis and businesses' satisfaction rating on the vertical one. The intersection of the two lines corresponds to the average frequency of obstacles and the average satisfaction rate of businesses encountering at least one obstacle in the Internal Market. The letters indicate the type of obstacles encountered. Their position on the chart corresponds to the frequency with which an obstacle occurs and the level of satisfaction of those firms which experienced this particular obstacle. As might be expected, for all obstacles encountered the satisfaction rating is below the EU average of 64 points (average rating of all firms regardless of whether they faced obstacles or not).

business persons interviewed consider that the consolidation of the Internal Market will be either favourable or very favourable for their business.

This vote of confidence in the Internal Market by businesses should not be ignored. The Strategy for Europe's Internal Market has set 37 target actions to be completed before June 2001. Efforts to improve the functioning of the Internal Market and remove barriers to doing business across frontiers should be pursued with vigour.

From a list of proposed objectives drawn from the Internal Market Strategy, business persons were asked to identify which they would consider important for

the European Commission and Member States to pursue in order to improve the Internal Market. Figure 16 speaks for itself. There is a remarkable degree of consensus on what needs to be done. More than 9 out of 10 businesses voted in favour of simplification of administrative procedures imposed on businesses and a higher degree of standardisation of rules in the Member States. The forthcoming initiative on coordinated action to simplify the regulatory environment, requested by the Lisbon Summit, should be a boon for improving the business environment.

Figure 16: Priority objectives for improving the Internal Market proposed by businesses

Rank	Proposed objective	Rate of approval
1	simplify administrative procedures imposed on companies	91%
2	standardise regulations in all Member States	91%
3	develop cooperation and trade with the rest of the world	85%
4	remove fiscal barriers to trade	84%
5	develop creativity and industrial and commercial innovation	82%
6	improve transport and cross-border logistics	80%
7	remove national obstacles to the free provision of services	79%
8	remove technical barriers to the free circulation of products	79%
9	develop European standards for products and services	79%
10	develop the efficiency of European financial markets	78%
11	improve electronic communication networks	77%
12	ensure openness and transparency of public procurement markets	76%
13	stimulate the mobility of workers	72%
14	modernise distribution networks and marketing methods	71%
15	reinforce intellectual property rights	67%

Development of trade and co-operation with the rest of the world comes as a third priority. Development of the external aspects of the Internal Market is a core strategic objective in the Internal Market Strategy and the prospect of enlargement is central to it.

Enlargement Perspectives

For the first time, the business survey asks businesses for their views on the enlargement process and the perceived progress made by candidate countries in adapting to EU rules and adapting to market economy principles.

In line with the above, enlargement is considered favourable or very favourable by 60% of business persons interviewed. Less than a third (28%) are neutral expecting neither favourable nor unfavourable effects and only 10 % fear an unfavourable or very unfavourable outcome for their company.

The survey shows - not surprisingly - that considerable business ties already exist with the 13 accession candidate countries. The average company maintains commercial relations with more than 3 of these countries, compared to 6 countries on average within the EU. The rate is higher in Germany, Finland and UK, while it is lowest in Greece and, in particular, Portugal. Not surprisingly Poland, the

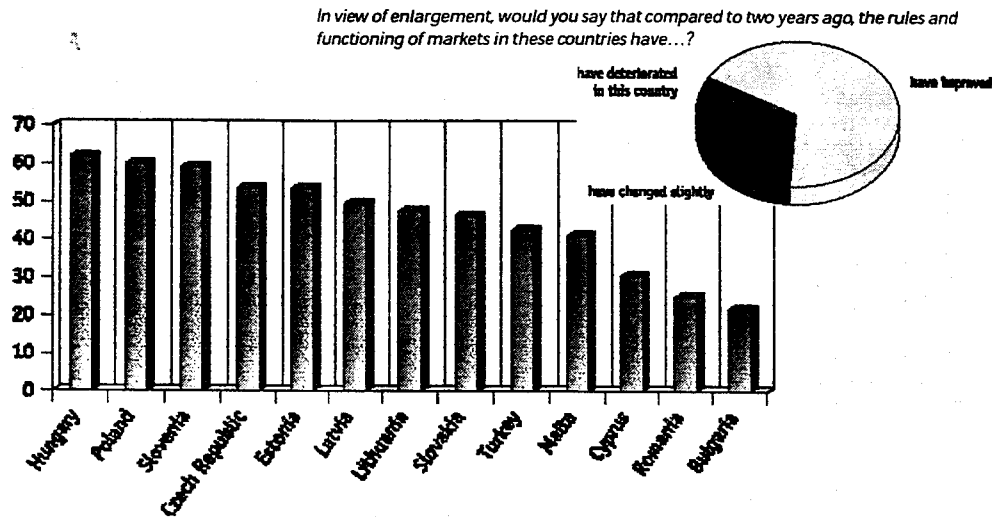
Czech Republic, Turkey and Hungary top the list of EU's trading partners. Comparatively smaller economies in the Baltic states, Cyprus and Malta are regional players trading mostly with their close EU neighbours. The intention to do more business with accession candidates follows the same pattern. Among Member States the intention to step up activities in candidate countries is most prominent in Denmark, Spain and Germany.

Major companies are more involved in accession candidate countries than small and medium sized enterprises. Industry is slightly more strongly represented than the services and distribution sector. On the other hand, small companies show more interest in expanding into these countries than bigger ones. Here also, industrial companies are more active than companies related to services and distribution.

Asked about their assessment of changes in rules and the functioning of markets in candidate countries in the last two years, 67% of all companies saw an improvement, while 27% identified only slight changes and 5% saw a deterioration (figure 17). Bigger companies feel more positive than smaller ones, and the services sector is more positive than construction, distribution and industry.

Part C

Figure 17: Perceived improvement in accession candidate countries towards meeting EU standards



All accession candidate countries show progress although not to the same degree. Differences in the perceived progress of countries should be treated with caution. The starting conditions were not the same in the accession candidate countries and perceived differences are influenced by interviewees' own knowledge and experience of these countries. Most progress was perceived in Hungary, Poland and Slovenia and least in Bulgaria, Romania and Cyprus. Swedish,

Finnish and Danish companies expressed the most positive views about progress accomplished, while the most negative view was taken by Italian and Greek companies.

A key question concerned the main obstacles still to be overcome before accession candidates could join the EU. From a list of obstacles the most prominent were the following, marked by more than 50% of the companies and ranked in order of priority :

Figure 20: List of main obstacles to be overcome before candidate countries can join the Internal Market

Rank	Main obstacle to be overcome	Rate
1	the bureaucracy they impose on cross-border activities	80%
2	their incomplete legislative framework compared to that of the Internal European Market	72%
3	administrative and judicial capacities which are inadequate to meet the needs of companies	70%
4	the development, the functioning and reliability of financial markets	69%
5	the infrastructure for communications, energy and transport	68%
6	differences in standards and certification procedures compared to those applied within the European Union	67%
7	tariff barriers to trade	67%
8	the absence of application of legislation	63%
9	the attitude of the authorities towards foreign companies and their discriminatory practices	61%
10	the lack of available information on their markets	60%
11	insufficient restructuring and privatisation of State companies	59%
12	interventionism in their markets, for example, price controls and obstacles to the start up of economic activities	58%
13	restrictions on movements of capital	56%
14	restrictions on foreign investments	50%

Major companies, as compared to small and medium sized companies, and especially the services sector, stressed

bureaucracy imposed on cross border activities more often than others.

D. "THE DIALOGUE WITH BUSINESS AND CITIZENS": RESULTS FROM THE BUSINESS FEEDBACK MECHANISM

Attention is increasingly focusing on improving the management and efficiency of the Internal Market. The **Business Feedback Mechanism**, part of the "Dialogue with Business and Citizens", allows a constant flow of information back to policy-makers and other interested parties on concrete problems encountered by businesses and their concerns in relation to the Internal Market.

'Business Feedback Mechanism'

41 Euro Info Centres (EICs), spread throughout the Member States, record on a structured database enquiries received on the Internal Market and other associated policies. More than 70% of enquiries come directly from businesses and in particular small ones (fewer than 50 employees). The database covers a broad range of issues such as: public procurement, technical harmonisation (standardisation), e-commerce, taxation, customs union, intellectual property rights, funding, the Euro, research and development, employment/health and safety at work, consumer protection, company law, competition and environmental regulation.

The structure of the database and its on-line access via the Internet provide the possibility of generating up-to-date statistics and detailed information on the registered enquiries.

In the six months since its launch, 5761 enquiries had been registered by the 41 Euro Info Centres (EICs) composing the feedback network. The sample of cases is still relatively small and spread among the many areas covered by the feedback mechanism. It is therefore, too early to draw any firm conclusions. The frequency of questions on a particular

policy area, the profile of companies initiating the enquiry, the sectors involved and, not least, the type of help asked for vary from country to country. However, some broad trends are already appearing which can help us towards a better understanding of the needs of businesses and their concerns in connection with the Internal Market. The following summarises the main findings on two broad issues:

- the information needs of businesses and
- the main policy areas provoking enquiries from businesses, including some examples of concrete problems encountered by them.

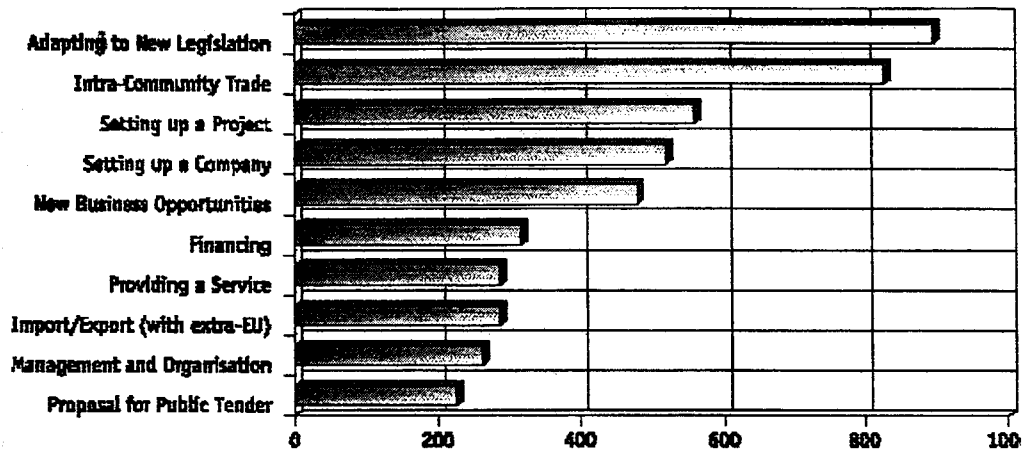
The information needs of businesses

The main reasons for which businesses seek information and advice from the EICs (figure 21) in relation to the Internal Market are the **need to adapt to new legislation** (897 enquiries) and the **wish to expand trade with other EU countries** (828 enquiries). Other reasons include the setting-up of projects, the starting up of new companies and the exploitation of new business opportunities.

Access to precise and reliable information is not easy. One of the problems most frequently encountered by businesses is the difficulty in identifying the right source and then obtaining complete and correct information from the administrative bodies responsible for applying the legislation. The large number and the nature of enquiries registered by the EICs (evidence in itself of useful service provided by the network) suggests that a great deal remains to be done, both by the Member States and by the Commission, to improve the flow and quality of information provided to businesses in relation to their rights and obligations in the Internal Market.

Part D

Figure 21: Breakdown of information enquiries according to businesses declared objectives



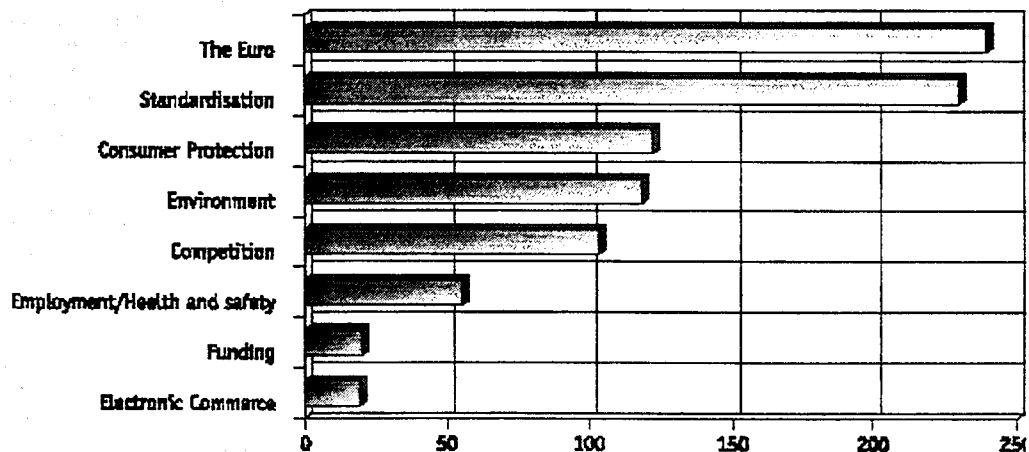
Adaptation to new legislation

The issue of *adaptation to new rules* is of particular interest as companies are often not clear on their obligations, the necessary steps to take to comply with new rules and the costs involved. Figure 22 lists the most frequent subjects of concern to companies in the last six months: for example, the change to the Euro, adaptations to new standards, new rules in the area of consumer protection, environment and competition. While questions on the euro are evenly spread among all sectors (the retail sector particularly focusing on pricing) the

remaining enquiries stem from the agriculture and food industry and the machinery and equipment sectors reflecting the importance technical standards, consumer protection and the environment play for these sectors.

When companies prepare to expand trade in another EU country they are keen to know about national legislation in that country and how EU rules affecting them are effectively applied there. Taxation, technical harmonisation and customs matters are of major importance for their operations and they need concrete advice and practical

Figure 22: Main subjects of enquiries on the issue of adaptation to new legislation



assistance on which authority to contact and on the administrative procedures to follow in the target country.

Enquiries registered so far by the EICs, came mostly from the machinery and equipment, agriculture and food industries, electrical and electronic equipment and the wholesale and commission trade. Enquiries about EU legislation related to the **Machinery Directive, the Low Voltage Equipment Directive, the Directive on Electromagnetic Compatibility**, legislation on foodstuffs, medical devices and motor vehicles and tractors in line with the spread of queries across the various business sectors.

Expanding into new markets within the EU

When companies prepare to expand trade in another EU country they are keen to know about national legislation in that country and how EU rules affecting them are effectively applied there. Taxation, technical harmonisation and customs matters are of major importance for their operations and they need concrete advice and practical assistance on which authority to contact and on the administrative procedures to follow in the target country.

Enquiries registered so far by the EICs, came mostly from the machinery and equipment, agriculture and food industries, electrical and electronic equipment and the wholesale and commission trade. Enquiries about EU legislation related to the Machinery Directive, the Low Voltage Equipment Directive, the Directive on Electromagnetic Compatibility, legislation on foodstuffs, medical devices and motor vehicles and tractors in line with the spread of queries across the various business sectors.

Businesses' main policy areas/issues of interest

Among the 5761 enquiries received to date, the top issues relate to funding (23%), standardisation (11%), the Euro (12%), and public procurement (6%). While funding from public sources (3/4 of enquiries under this heading) is not directly linked to the Internal Market the remaining issues are of direct relevance.

In general most problems reported to the EICs relate rather to the practical application and interpretation of rules by the authorities than to the quality of rules themselves. Businesses tend to think that administrative procedures are often not

Figure 23: Main subjects and business sectors involved when seeking advice on intra-community trade

Subject	N° of enquiries
EU Legislation	513
National legislation	255
Administrative procedures	136
Standards	79
EU Programmes	32
EU Guidelines	17
International conventions	15

Sector	N° of enquiries
Machinery and equipment	140
Agriculture and food industry	131
Wholesale - commission trade	78
Electrical, electronic equip	74
Other manufacturing	62
Textiles and leather	60
Chemicals	51
Retail trade	47
Construction	35
Wood and paper	27

Part D

Figure 24: The most frequent policy areas on which advice is sought*

EU Policy Area	N° of enquiries	EU Policy Area	N° of enquiries
Funding	1408	Employment/Health and Safety	290
Standardisation	693	Competition	263
The Euro	645	Customs Union	182
Public Procurement	413	Research and Development	178
Environment	324	E-Commerce	142
Consumer Protection	320	Company Law	109
Taxation	302	Intellectual Property	63

*One enquiry may relate to more than one policy field

fully adapted to cross-border activities and that national authorities' views on how to interpret the rules sometimes differ substantially.

Another key issue is the adaptation to new rules. Besides the problems related to the flow of information and sometimes incorrect implementation of rules at national level, one finds again that many problems arise from their practical application. Businesses complain that even if new rules are correctly implemented, national administrations often have imperfect knowledge of them. The cases in the box provide a sample of concrete problems businesses and individuals are facing. Further analysis may be required to establish whether breaches of Community law are involved.

Enquiries related to Standardisation/technical harmonisation

The enquiries mainly related to CE marking, followed by enquiries on standards and essential requirements. Conformity assessment procedures and quality schemes were less asked about.

When companies report problems in the field of standardisation and technical harmonisation they mainly refer to access to information and difficulties with interpreting regulations or the quality of national implementing measures. Companies also seem unsure about how to correctly apply the rules or administrative procedures, including conformity assessment procedures. Other requests in the field of technical harmonisation arose from concerns about adapting to new legislation or initiating new intra- or extra-Community trade. Marketing aspects and the development of a new product were other reasons for seeking information or advice.

A Finnish company complained about a procedure adopted by the Central Bank of Finland whereby a form needs to be completed every time a payment is made outside the country. This involves extra bureaucracy and payments for the company. The EIC referred the case to the European Commission which is now dealing with the matter.

A Dutch company which produces machine parts is required by EU law to enclose a II-B declaration with its product. A Belgian client of theirs complained that a II-A declaration should now be sent as the Belgian authorities no longer accept the II-B. due to fraud. The EIC informed the company that it was not possible for the public authorities to refuse the declaration as the II-A version related only to complete machines, rather than individual parts. A complaint to the European Commission and/or the Dutch Ministry for Economic Affairs was recommended.

A German sports teacher bought a water sports station in Greece in order to open a water sports school. However, according to a Greek law he is required to pass a Greek language test in order to obtain permission to open the sports school. This language test is supposed to be at a very high level (both orally and written). Finding this language test to be an obstacle for non-Greek EU-citizens, the German contacted the Greek ministry to know e.g. if it would be sufficient for an employee to have knowledge of Greek. It was confirmed to him that the Greek law stated that no exceptions to this regulation are possible. The German EIC signposted the German sports teacher to the German Internal Market Contact Point for businesses facing problems in the Single Market.

A company want to know whether CE-marked telephone systems from Italy should be supplied with manuals in Dutch when placed on the Dutch market. The relevant directives do not explicitly require user's manual to be in the language of the Member State. Considering the general product liability of the manufacturer the company was advised to supply manuals in Dutch language.

Annex

Internal Market Strategy & Financial Services Action Plan

IMPLEMENTATION OF THE NEW STRATEGY FOR THE INTERNAL MARKET

This part gives a first indication of the state of play of those target actions already completed or likely to be completed by December 2000 as part of the Review of the Commission's Strategy for the Internal Market (COM (2000) 257 of 3 May 2000). The table also gives the Commission's assessment of the degree to which target actions have been completed by the Community institutions and the Member States. Where appropriate there is also an indication of follow-up action

A star (★) indicates a target action which has been successfully completed, the cross sign (⊕) indicates target actions where some progress has been achieved in meeting the objectives set in the Internal Market Strategy, and the minus sign (-) indicates those where progress on target actions is disappointing for various reasons. The bell (🔔) indicates priority measures in the Internal Market Strategy.

IMPROVE THE QUALITY OF LIFE OF CITIZENS

CITIZENS 1:

Ensure that the Internal Market contributes to sustainable and balanced development

Target Action	State of play	Assessment	Follow-up
Commission proposal to amend the Insolvency Directive 80/987	Commission to adopt by December 2000.	★	To be adopted by Council and EP.
Council and EP to adopt amendment to Council Regulation establishing a Community Eco-label Award Scheme (880/92)	Revised Regulation 1980/2000 adopted 17 July 2000.	★	Commission to propose decisions for implementation.
Council and EP to adopt amendment to Council Regulation establishing a Community Eco-Management and Audit Scheme, EMAS (1836/93)	Conciliation procedure started in November so formal adoption likely early in 2001.	⊕	
Second Cohesion Report to provide an updated examination of the effects of the Internal Market on cohesion	Report rescheduled for adoption in January 2001 after the IGC.	⊕	Cohesion Forum to discuss Report scheduled for May 2001.
Commission Recommendation on how to integrate environmental considerations into financial reporting	Final draft agreed with Contact Committee on Accounting Directives. Commission to adopt in December 2000.	★	
Commission Communication on Environmental Considerations in Public Procurement	Still under consideration within the Commission because of recent developments in the European Court.	-	Rescheduled for 1st half 2001.
Commission Communication on Transport in Environmentally Sensitive Areas (the Alps and the Pyrenees)	To be integrated into forthcoming White Paper on Common Transport Policy to be adopted by the Commission before end December 2000.	★	

★ Target Action completed ⊕ Some progress achieved in meeting Target Action - Progress disappointing in meeting Target Action ■ Priority

CITIZENS 2:


Enhance citizens' health and safety and promote their economic interests


Target Action	State of play	Assessment	Follow-up
Commission proposal to amend the Door-to-Door sales Directive (85/577)	Consultation on-going following Hearing of 15-16 March 2000.	+	Proposal for adoption by Commission in first half of 2001.
Commission proposal to amend the Misleading Advertising Directive (84/450)	Proposal being prepared.	+	Proposal for adoption by Commission by July 2001.
Commission proposal to amend the Consumer Credit Directive (87/102 as amended by 90/88 and 98/7)	Consultation of stakeholders to be launched this autumn.	+	Formal proposal early 2001.
Council and EP to adopt Directive on the manufacture and sale of tobacco products	Council reached Common Position in July 2000.	★	EP 2nd Reading in mid December and it is hoped Council and EP will adopt the Directive in December 2000.
Council and EP to adopt modifying Directives on port state control (95/21) and ship inspections and surveys (94/57), and a Regulation on the accelerated phasing-in of double hulls or equivalent requirements for single hull oil tankers	The Council's common position is expected in December 2000.	★/+	Council and EP expected to adopt legislation in first half 2001.
Commission proposal to amend Driving Licence Directive 91/439	Commission to adopt proposal in December 2000.	★	
Commission Recommendation on "green claims" (environmental promotion)	Guidelines for assessing environmental claims in external consultation. To be finalised before end of 2000.	+	Nor yet certain whether there will be a Commission Recommendation in addition to the guidelines.
Commission Communication on the reinforcement of administrative co-operation in consumer protection	Communication expected to be adopted by end December 2000.	★	For consideration with the Swedish Presidency.
Commission Communication on the safety of services	Consultations with Member States progressing. Study to be finalised by end of year.	+	Communication rescheduled for 2001.
Commission White Paper outlining a new strategy on chemicals	White Paper to be adopted by end of December 2000 or early in 2001.	★/+	Presentation to the EP and the Council.
Commission Communication on maritime safety	Adopted by the Commission on 21 March 2000 (Com (2000) 142 final).	★	Adoption by Council and EP of Commission proposals; the Erika I and II packages
Commission to adopt proposals on: (1) a Regulation on the establishment of a fund for the compensation of oil pollution in European waters; (2) a Directive to set up a Community system for the surveillance of navigation; (3) a Regulation setting up an European Agency for maritime safety.	To be adopted by the Commission in December 2000.	★	

★ Target Action completed + Some progress achieved in meeting Target Action - Progress disappointing in meeting Target Action - Priority

CITIZENS 2:

Enhance citizens' health and safety and promote their economic interests

Target Action	State of play	Assessment	Follow-up
 Commission Proposal for setting-up a European Food Authority	Proposal for a Regulation laying down the general principles of food law, establishing the European Food Authority, and laying down procedures in matters of food safety, was adopted by the Commission in November 2000.	★	First debate in 30 November Internal Market Council.
Commission Proposal for a Regulation on official food and feed safety controls	Commission internal working document under consideration.	+	Coherence with other White Paper proposals (general food law) to be considered. Proposal for Regulation postponed until June 2001.
Commission Proposal for a general food law Directive	Combined with the proposal for a Regulation on the European Food Authority.	★	
Commission Proposal to amend Directive 79/112/EEC on the labelling, presentation and advertising of foodstuffs	To be adopted by the Commission in December 2000.	★	Council and EP to adopt by December 2001 as foreseen in the White Paper on Food Safety.

- ★ = Target Action completed
- + = Some progress achieved in meeting Target Action
- = Progress disappointing in meeting Target Action
-  = Priority

Internal Market Strategy

CITIZENS 3 :

Reinforce and promote the full use of the rights of citizens

Target Action	State of play	Assessment	Follow up
Council and EP to adopt extension to Regulation 1408/71 on the co-ordination of social security schemes to non-EU nationals	Continues to be blocked in Council.	-	Difficult to see progress being made.
Council and EP to adopt a Regulation to replace Regulation 1408/71 on the co-ordination of social security schemes	Still being discussed in Council.	+	Rescheduled for June 2001.
Commission Communication on the future recognition of professional qualifications	To be adopted by the Commission by end December 2000.	★	
Provide a complete self-service package for job seekers and employers on the EURES Internet site supported by the personalised service from the Euroadvisers	The EURES Internet site has been modernised in 2000 with an improved job search facility. Over 200.000 vacancies across borders are available through EURES.	★	This is an ongoing development. In 2001 a new database will be established to allow job seekers to input their CVs and where employers will be able to search for suitable candidates.
Provide a complete and up-to-date database for the citizen on living and working conditions and on labour markets in the Member States	EURES has begun the process of fusing three databases covering the area of worker mobility. Community database on living and working conditions established in "Dialogue with Citizens".	★	Ongoing development in 2001 on labour market information for both job seekers and employers.
Commission Report on the application of Directive 91/477 on the control of the acquisition and possession of weapons	To be adopted by the Commission by end December 2000.	★	
Publication of Dialogue with Citizens and Business Guide on Data Protection Rights	Expect 5 or 6 out of the 19 language versions finalised to be published by December 2000.	+	Other language versions to be published.

- ★ = Target Action completed
- ⊕ = Some progress achieved in meeting Target Action
- = Progress disappointing in meeting Target Action
- ⚡ = Priority

ENHANCE THE EFFICIENCY OF COMMUNITY PRODUCT AND CAPITAL MARKETS

MARKETS 1:

Encourage economic reform in the interests of market efficiency

Target Action	State of play	Comment	Follow-up
Commission Communication on Economic Reform - Report on the Functioning of Product and Capital Markets in the EU (Cardiff Report)	Commission to adopt Cardiff Report in December 2000 which sets out policy recommendations to sustain economic reform.	★	Further Report in December 2001.

MARKETS 2:

Ensuring financial services deliver their full potential

Target Action	State of play	Comment	Follow-up
Implementation of the Financial Services Action Plan including the Risk Capital Action Plan (also listed in the Internal Market Strategy under Citizens 2)	<p>The Commission's Third Progress Report on the Implementation of the Financial Services Action Plan (FSAP) was introduced to Finance Ministers in Ecofin on 27 November 2000.</p> <p>The Commission adopted on 18 October 2000 a Communication on the Implementation of the Risk Capital Action Plan (RCAP), which includes proposals for benchmarking and monitoring.</p>	★	Further FSAP Progress Report by Commission due in Summer 2001. Further RCAP progress report on benchmarking and monitoring to be completed in the second half of 2001.

MARKETS 3:

Maximise the benefits to the Internal Market of the digital age

Target Action	State of play	Comment	Follow-up
EP and Council to adopt Directive on Copyright and Related Rights in the Information Society	Council reached Common Position on 28 September. Commission fully supports compromise text. Expect Council and EP to adopt by end December 2000.	★	
Commission proposal for a Directive to ensure that the existing VAT system is compatible with e-commerce	Adopted by Commission 7 June 2000.	★	Now for Council and EP.
Action to support initiatives for on-line out of court redress	An on-line Forum set up to act as one-stop shop for exchange of knowledge on ADR and e-confidence issues.	★	Ongoing activities.
Communication on the application of the principles of free movement of services for the use of antenna dishes	To be adopted by Commission before end December 2000.	★	Need to monitor principles with citizens, national authorities and other EC institutions.

- ★ = Target Action completed
- ✦ = Some progress achieved in meeting Target Action
- = Progress disappointing in meeting Target Action
- 🌟 = Priority

Internal Market Strategy

MARKETS 4:

Encourage creativity and innovation by adequately protecting industrial and intellectual property rights

Target Action	State of play	Assessment	Follow-up
Adoption by Council and EP of Directive on artists' resale rights	Council reached Common Position on 15 June (Commission continues to reserve position). 2nd reading in EP underway.	+	EP likely to submit its report in December 2000. Adoption within 1st half 2001.
Commission Communication as follow-up to Green Paper on counterfeiting and piracy	To be adopted by the Commission before end December 2000.	★	The Action Plan in the Communication to be progressively implemented.

MARKETS 5:



Securing effective market-opening legislation in the utilities and transport sectors, whilst preserving universal service


Target Action	State of play	Assessment	Follow-up
EP and Council to adopt Directive Establishing Rules on Airport Charges	Still pending in the Council because of disagreement.	-	The Commission will consider the possibility of re-launching the discussion in 2001.
Council and EP to adopt Directives modifying Directives 91/440 and 95/18, and replacing Directive 95/19 (Rail Infrastructure Package)	Conciliation procedure underway. Council and EP expected to adopt in January 2001.	★	
Commission proposal for a European Parliament and Council Regulation replacing Council Regulation 1191/69 (public services in inland transport)	Adopted by Commission on 26 July 2000.	★	Adoption by Council and EP by June 2002.
Adoption by Council and EP of a Directive on the interoperability of conventional rail	Council reached common position in November.	+	Directive expected to be adopted by March 2001.
Adoption by Council and EP of a Directive on working time in road transport	Pending in the Council for a common position.	+	Commission proposal to amend the Directive.
Commission proposals to amend the electricity and gas Directives, as well as legislative proposal concerning cross-border trade in electricity, in particular tariffication	Draft proposals under preparation.	+	
Commission Proposal for a European Parliament and Council Regulation on checks of professional competence training of road drivers	To be adopted by Commission by end December 2000.	★	

★ Target Action completed
 + Some progress achieved in meeting Target Action
 - Progress disappointing in meeting Target Action
 ■ Priority

MARKETS 5:

Securing effective market-opening legislation in the utilities and transport sectors, whilst preserving universal service

Target/Action	State of play	Assessment	Follow-up
Timely transposition and full implementation of Directive 96/92 concerning common rules for the Internal Market in electricity 	All Member States have transposed the Directive.	★	Belgium and France need to enact secondary legislation.
Timely transposition of Directive 98/30 concerning common rules for the Internal Market in natural gas 	11 Member States have transposed the Directive. France, Luxembourg and Portugal have not. Germany has partially transposed.	-	Infringement procedures are being opened by the Commission.
Commission Communication on progress in liberalising Energy markets	Adoption by the Commission expected by January 2001.	+	
Timely transposition and full implementation of Directive 97/67 on postal services liberalisation	14 Member States have transposed. Commission proposed amendment to 97/67 on 30 May 2000.	+	Council and EP to adopt amendment to Directive 97/67 by June 2001.
Commission Communication on the Deployment of Intelligent Road Transport Systems	Preliminary work underway.	+	Re-scheduled for April 2001.
Commission Communication on the development of international rail freight transport	Some studies completed but further work necessary.	-	Re-scheduled for first half 2001.
Sixth Commission Report on the implementation of the Telecoms Regulatory Package	To be adopted by the Commission before end December 2000.	★	

- ★ = Target Action completed
- ⊕ = Some progress achieved in meeting Target Action.
- = Progress disappointing in meeting Target Action
-  = Priority

Internal Market Strategy

IMPROVE THE BUSINESS ENVIRONMENT

BUSINESS 1:

A shared determination to ensure that market integration is not undermined by anti-competitive practices

Target Action	State of play	Assessment	Follow-up
Commission proposal for a Regulation on the modernisation of the rules on competition for the application of Articles 81 & 82 of the EC Treaty	Commission proposal for a new Regulation adopted on 27 September 2000.	★	Consideration in the Council, and EP to be consulted.
Commission to adopt block exemption Regulations for state aid to SMEs, for training aid and on the "de minimis rule"	Commission to adopt by December 2000.	★	
Commission proposal for a European Parliament and Council Regulation replacing Council Regulation 1107/70 (state aid in inland transport)	Adopted by the Commission on 26 July 2000.	★	Council and EP to adopt by June 2002.
Review of the Commission's policy on horizontal co-operation agreements	Commission to adopt by December 2000 the proposals for new regulations and guidelines published on 27 April 2000.	★	
Follow-up to the Commission notice on the application of state aid principles to measures relating to direct business taxation	Information on more than 50 tax measures covering all Member States requested.	+	

BUSINESS 2:

Eliminate tax barriers to the Internal Market and unfair tax competition

Target Action	State of play	Assessment	Follow-up
Council to adopt Directive on energy taxation	Still in discussion in the Council.	-	
Commission proposal to recast the 6th VAT Directive (77/388)	Ongoing work.	+	Rescheduled Mid 2001.
Commission proposals for modernisation of VAT legislation in the Internal Market	Communication adopted 7 June 2000, COM(2000)348.	★	The Commission to adopt a Directive on electronic invoicing and storage, and a Regulation on reinforced administrative cooperation for VAT.
Commission Report to Council on the system of excise duties in the Internal Market on tobacco products.	Report and proposals to be adopted by the Commission by end December 2000.	★	Discussion in the Council.
Commission Report on company taxation in the EU	Commission needed more time to complete Report.	+	Rescheduled for 1st Qtr 2001.

★ Target Action completed + Some progress achieved in meeting Target Action - Progress disappointing in meeting Target Action ■ Priority


BUSINESS 3 :


Improve the effectiveness of the legal framework

Target Action	State of play	Assessment	Follow-up
All Member States to reduce their transposition deficit to less than 1,5%	Transposition has improved but only Denmark, Finland and Sweden have achieved the target. Spain came close with 1.6%.	-	11 Member States to accelerate transposition, in particular, Greece, France and Portugal

BUSINESS 4 :

Eliminate the remaining obstacles to cross-border trade

Target Action	State of play	Assessment	Follow-up
Council and EP to adopt Directives on EC services provision card	Major policy orientation expected in COREPER in early 2001. 1st reading in EP largely supported the Commission approach	-	
Commission proposals to amend the legislation governing the issuing of marketing authorisations for pharmaceutical products (also listed in the Internal Market Strategy under Citizens 2)	Commission proposal for a Directive rescheduled for the beginning of 2001 because of the need for additional consultation.	+	Presentation to the EP and the Council.
Commission Strategy for Removing Barriers to Trade in Services 	Commission to adopt by end November 2000.	★	Presentation to 30 November Internal Market Council.
Commission Communication on commercial communications and sales promotion (also listed in the Internal Market strategy under Citizens 2)	Discussions continuing with Member States experts.	+	Rescheduled for the beginning of 2001.
Monitoring report on the application of the product liability Directive (85/374)	Adoption by the Commission scheduled for December 2000.	★	
Commission Report evaluating the implementation of policy on products conformity marking	A Commission Communication is now envisaged for the first half of 2001 because of the need for more discussion with the Member States.	+	Discussion on need for improvement to legislation.
Agreement on harmonised standards relating to construction products	1 harmonised standard published and available, 17 positively voted on in CEN and 38 ready to be formally voted on in CEN.	+	All 56 harmonised standards should be published by the end June 2001.

- ★ = Target Action completed
- +
- = Progress disappointing in meeting Target Action
-  = Priority

Internal Market Strategy

BUSINESS 5 :

Reduce the regulatory burden on business, particularly SMEs, and help business take advantage of Internal Market opportunities

Target Action	State of play	Assessment	Follow-up
Commission proposal to amend the Machinery Directive (98/37)	To be adopted by the Commission by the end of December 2000.	★	Adoption by EP and Council by end of 2002.
Council to adopt the proposed Regulation and Directive on the Statute for a European company and associated proposals (European associations, European co-operatives, European mutual societies) ⚡	Unlikely to be adopted.	-	To be considered under the Swedish Presidency.
Implementation Report on BEST Action Plan	First Report on the Implementation of the Action Plan to Promote Entrepreneurship and Competitiveness, (BEST Action Plan), submitted to the Industry Council on 5 December 2000, and the Nice European Council on 7-8 December 2000.	★	Further reports will detail the progress of the implementation of the BEST Action Plan.
Development of new topics for the Business Dialogue website	New topics include, the Euro, social security, enforcement of rights and enlargement of the public procurement section.	★	

- ★ = Target Action completed
- ⊕ = Some progress achieved in meeting Target Action
- = Progress disappointing in meeting Target Action
- ⚡ = Priority

EXPLOIT THE ACHIEVEMENTS OF THE INTERNAL MARKET IN A CHANGING WORLD

EXTERNAL 1:*Contribute to the shaping of the multilateral trading system for the next century*

Target Action	State of play	Assessment	Follow-up
Commission to propose Additional Protocol to Convention 108 of the Council of Europe in line with Directive 95/46	Commission Recommendation adopted on 26 July 2000 for a Council Decision authorising the Member States to vote unanimously within the Council of Europe, in favour of adopting the draft Additional Protocol to the Convention for the protection of individuals with regard to automatic processing of personal data, on supervisory authorities and transborder data flows.	★	The Council needs to approve this decision. Member States will then vote at the Council of Europe. Once approved, Member States will sign and ratify the Protocol.
Commission Decisions, based on Article 25, paragraph 6 of Directive 95/46, assessing the adequacy of the level of data protection in some third countries	Commission Decisions were adopted in July recognising the Safety Provisions in the US (Safe Harbor), Switzerland and Hungary.	★	Commission will start to assess the adequacy of the legislation in Canada, and review the application of the US (Safe Harbor).
Setting of minimum standards at international level, notably in the framework of WIPO, on protection of audio-visual performances, broadcasters' rights and non-original databases	WIPO Diplomatic Conference on the protection of audiovisual performances in December 2000. The international instruments on: • broadcasters' rights delayed. • non-original databases postponed.	★ + -	The Protocol agreed at the Diplomatic Conference will have to be put into force. EC will propose treaty language for March 2001. Commission proposal for a decision on a negotiating mandate on broadcasters' rights due for 2001. WIPO will first launch a study.
Reach agreement with the US, in the framework of the Transatlantic Economic Partnership, on the feasibility of a Mutual Recognition Agreement in three service sectors (insurance, engineers and architects)	Negotiations started in April 2000 in the context of the Transatlantic Economic Partnership.	+	Further meetings planned.
Identify and promote those instruments developed for the Internal Market which could be applied within the framework of pluri or multilateral trade agreements, such as a transparent regulatory environment and the procedures and principles for the harmonisation of standards	The Commission's Communication of 6 September 2000 on Reinvigorating the Barcelona Process suggested that Mediterranean countries develop harmonised measures in key areas such as rules of origin, intellectual property or standards.	+	Ongoing, the implementation of these measures should start in 2004.

- ★ = Target Action completed
 + = Some progress achieved in meeting Target Action
 - = Progress disappointing in meeting Target Action
 ⚡ = Priority

Internal Market Strategy

EXTERNAL 2:

Ensure that the Internal Market contributes to a successful enlargement of the Community

Target Action	Stage of play	Assessment	Follow up
Joint meeting of the Internal Market Advisory Committee and representatives of candidate countries	Candidate Countries were invited as observers to the 7 December 2000 IMAC Meeting.	★	Further meetings will be arranged in 2001.
Joint meeting of Heads of Co-ordination Centres and representatives of candidate countries	Candidate Countries were invited as observers to the 7 November Heads of Co-ordination Centres Meeting.	★	Further meetings will be arranged in 2001.

- ★ = Target Action completed
- ⊕ = Some progress achieved in meeting Target Action
- = Progress disappointing in meeting Target Action
- ⚡ = Priority

Annex

PROGRESS ON THE ACTION PLAN FOR FINANCIAL SERVICES

This annex provides a third overview of progress on actions included in the Action Plan for Financial Services (COM(1999) 232). It tracks progress over the first eighteen months since the adoption of the Action Plan. The reporting date is October/November 2000. The tables summarise the current situation and provide the Commission's assessment of the degree to which Community institutions and Member States are achieving the objectives set out in the Action Plan (note that the timeframes indicated in the table may diverge in some cases from those in the FSAP. This reflects the dynamic nature of this annex and Commission decisions (often after discussion in the FSPG) to accelerate certain measures or to delay their adoption in order to permit further consideration of new developments. The


optimal timeframe for their implementation remains however unchanged. Where appropriate a comment has been added in the final column, notably to indicate the next steps to be taken.

- ★ The star indicates an action which has been successfully completed
- ✚ The cross indicates that progress has been achieved in meeting the targets set in the Action Plan
- The minus sign indicates no progress
- 🔔 The bell indicates proposed priority measures of the FSAP which represent the key regulatory areas for an integrated financial services sector and for which a critical path has been established




Financial Services


Strategic Objective 1: A single EU Wholesale market

Raising capital on an EU-wide basis:

Action	Timescale	State of play	Assessment	Follow-up
Upgrade the two Directives on Prospectuses through a possible legislative amendment 	Proposal beginning 2001 Adoption 2002	Draft proposal for directive under preparation in close co-operation with FESCO.	+	Adoption of FESCO position paper in the autumn.
Update the Directive on Regular Reporting	Proposal spring 2001 Adoption 2002	Work continuing in the Commission in close co-operation with parties concerned.	+	Commission's Contact Committee meeting beginning 2001.

Establishing a common legal framework for integrated securities and derivatives markets:

Action	Timescale	State of play	Assessment	Follow-up
Commission Communication on The Application of Conduct of Business Rules Under Article 11 of the ISD (distinction between professional and retail investors) 	For issue October 2000	FESCO paper on categorisation of investors adopted March 2000. Draft in internal consultation for Commission adoption.	+	Member State and industry consultation second quarter 2000.
Directive on Market Manipulation 	Proposal beginning 2001 Adoption 2003	FESCO presented recommendations in July 2000. Draft proposal for directive under preparation. Work is conducted in close co-operation with FESCO.	+	Industry 'Forum Group' to complete work by autumn 2000.
Commission Communication on upgrading the ISD 	Issue Communication November 2000	Work continuing in close co-operation with securities supervisors and market practitioners.	+	Preparatory discussion with FSPG, HLSS and Industry. Consultation process to be concluded in first quarter 2001.

- ★ = Action completed
- ⊕ = Some progress achieved in meeting Action Plan targets
- = Progress disappointing
-  = Key dossier

Towards a single set of financial statements for listed companies:

Action	Timeframe	State of play	Assessment	Follow-up
Amend the 4th and 7th Company Law Directives to allow fair value accounting	Adoption 2001	Proposal adopted by the Commission on 24 February 2000 (Com(2000)80 final).	+	Discussion in the Council Working Party and in the European Parliament.
Commission Communication updating the EU Accounting Strategy And Legislative follow-up to EU Accounting Strategy Communication	Legislative proposal before end 2000	Communication adopted by the Commission on 13 June 2000 (Com(2000) 359 final) and backed by July 2000 Ecofin. Legislative proposal to implement IAS requirement.	★ +	
Modernisation of the accounting provisions of the 4th and 7th Company Law Directives	Proposal end 2001 Adoption 2002	Communication on accounting strategy (see above) adopts this action as part of its implementation program.	+	Discussion in the Accounting Contact Committee are continuing.
Commission Recommendation on EU auditing practices	For issue by autumn 2000 and Summer 2001	a) Recommendation on quality assurance. b) Recommendation on auditor independence scheduled summer 2001.	+	a) Commission Inter-service Consultation launched; Adoption: October 2000. b) Draft: November 2000; further consultations with Committee on Auditing and Accounting Contact Committee: fourth quarter 2000 – first quarter 2001.

Containing systemic risk in securities settlement:

Action	Timeframe	State of play	Assessment	Follow-up
Implementation of the Settlement Finality Directive	Commission report to Council end 2002	Implementation date 11 December 1999. Transposition of the Directive completed in: BE, IRL, NL, S, UK, DE, AT, PT, FI, GR, ES, DA. Infringement procedures started against, FR, IT, LUX.	-	Commission to continue monitoring of implementation in a working Group. Spring 2001 interpretation meeting Member States' experts.
Directive on Cross-Border Use of Collateral	Proposal before end 2000 Adoption 2003	The Commission has finalised discussions with the industry. A working document on collateral from the Commission to relevant bodies for consultation has been prepared including legislative provisions suggested for a draft Directive.	+	

Key dossier



Progress disappointing

Some progress achieved in meeting Action Plan targets



Action completed


Financial Services

Towards a secure and transparent environment for cross-border restructuring:



Action	Timeframe	State of play	Assessment	Follow-up
Adoption on the proposed Directive on Take Over Bids 	Adoption 2001	Council reached common position on 19 June 2000.	+	Second reading EP autumn 2000.
Political agreement on the European Company Statute 	Adoption 2001	No further progress.	-	Progress in Council required
Review of EU corporate governance practices	Launch review in autumn 2000	Tender procedure has been launched in spring; contract should be signed in November.	+	Completion of study in autumn 2001.
Amend the 10th Company Law Directive	New proposal spring 2001 Adoption 2002	Awaiting political agreement on the ECS. The present proposal is obsolete and needs to be updated.	-	Reassessment if no further progress in Council on ECS before the end of 2000.
14th Company Law Directive	Proposal spring 2001 Adoption 2002	Awaiting political agreement on the ECS.	-	Reassessment if no further progress in Council on ECS before the end of 2000.


A Single Market which works for investors:

Action	Timeframe	State of play	Assessment	Follow-up
Commission Communication on funded pension schemes		Issued on 11 May 1999 Com (1999)134 final	★	
Directive on the Prudential Supervision of Supplementary Pension Funds 	Adoption 2002	Proposal adopted on 11 October Com (2000) 507 provisional).	+	Technical discussions should start in the Council this autumn.
Adoption of the two Directives on UCITS 	Political agreement on second UCITS proposal spring 2001 Adoption of both directives 2001	EP finished its first reading 17 February 2000. Commission adopted amended proposals in May 2000. Political agreement on first UCITS proposal ('product') at Ecofin 17 October. Political agreement on second UCITS proposal ('service provider directive') expected in spring 2001.	+	Technical discussions progressing in the Council with a view to achieving a common position on both directives.

- ★ = Action completed
- ⊕ = Some progress achieved in meeting Action Plan targets
- = Progress disappointing
-  = Key dossier







Strategic Objective 2: Open and secure retail markets

Action	Timeframe	State of play	Assessment	Follow-up
Political agreement on proposal for a Directive on the Distance Marketing of Financial Services 	Political agreement end 2000 Adoption end 2000	Commission has completed inventory of information requirements.	+	Lisbon European Council has re-affirmed goal of adopting directive by end 2000.
Commission Communication on clear and comprehensible information for purchasers	Communication 2001	Discussions with industry ('Forum Group') and consumers in progress. Further meeting planned for autumn 2000 after finalisation of information gathering exercise in the context of the Distance Marketing Directive and finalisation of Mortgage Credit Dialogue.	-	Information gathered will prove useful for a number of Commission initiatives, including work on e-commerce + financial services.
Recommendation to support best practice in respect of information provision (mortgage credit)	For issue beginning 2001	Dialogue in progress and encouraging.	+	Recommendation planned on successful completion of dialogue.
Commission report on substantive differences between national arrangements relating to consumer-business transactions	Ongoing review within the Commission service	Discussions with industry ('Forum Group') and consumers are being concluded.	+	Information gathered will be used for further Commission initiatives in the field of retail financial services.
Interpretative Communication on the freedom to provide services and the general good in insurance		Adopted 16 February 2000 (COM (2000) 43).	★	
Proposal for amendment of Insurance Intermediaries Directive	Adoption 2002	Proposal for a Directive was adopted 20 September 2000 (COM(2000)511 final).	+	Technical discussions to start in Council.
Commission Communication on a single market for payments		Adopted 31 January 2000 (COM(2000)36 final).	★	Round-Table on 9 November 2000. Industry is requested to implement the Recommendations.
Commission Action Plan to prevent fraud and counterfeiting in payment systems	For issue by end 2000		-	Follow-up will be done in the light of the Action Plan of the communication to be adopted.
Commission Communication on an e-commerce policy for financial services 	For issue beginning 2001	Draft Communication being finalised.	+	

- ★ = Action completed
- ⊕ = Some progress achieved in meeting Action Plan targets
- = Progress disappointing
-  = Key dossier

Financial Services

Strategic Objective 3: State-of-the-art prudential rules and supervision

Action	Timeframe	State of play	Assessment	Follow-up
Adopt the proposed Directive on the Reorganisation and Winding-up of Insurance undertakings 	Final adoption first half of 2001	Common position in Council 10 October 2000. Commission's communication ready to be adopted.	+	EP's second reading within the next months.
Adopt the proposed Directive on the Winding-up and Liquidation of Banks 	Adoption 2001	Commission has sent its communication to EP.	+	Common position July 2000 EP started second reading in September 2000.
Adopt the proposal for an Electronic Money directive		Directive adopted in autumn 2000.	★	
Amendment to the Money Laundering Directive 	Adoption 2001	EP delivered first reading opinion in July. Political agreement on main issues reached in Council on 29 September.	+	
Commission Recommendation on disclosure of financial instruments		Adopted on 23 June 2000 Com (2000) 1372 final	★	
Amend the Directives Governing the Capital Framework for Banks and Investment Firms 	Proposal for directive: 2001, pending developments in Basel Adoption 2003	Results of Commission consultation directed at banks and securities has been factored into development of work. Overview of revised framework to be debated by BAC in mid October.	+	Further consultation on issues where there has been most significant development will be necessary by next January, to be in parallel with second round Basel consultation. Work on draft legislative proposals to begin in Autumn.
Amend the solvency margin requirements in the Insurance Directives	Proposal autumn 2000 Adoption 2002	First proposal adopted October 2000 (for legal reasons split into separate life and non-life proposals)	+	
Amendment of the Insurance Directives and the ISD to permit information exchange with third countries		Adopted by Commission in autumn 2000.	★	
Adopting a Directive on Prudential Rules for Financial Conglomerates 	Proposal beginning 2001 Adoption 2002	The mixed technical group of experts will present its recommendations in November 2000 to the Commission's regulatory committees (BAC, HLSS and IC).	+	Recommendation from the technical group will be discussed in the BAC, HLSS and IC. The Commission will draw conclusions from those deliberations.
Creation of a Securities Committee 	Adoption 2002 Proposal beginning 2001 Adoption 2002	The Commission is assessing the possible role of the committee as part of its overall analysis of the needs of the European regulatory framework in this area.	+	The Commission will define the structure and content of a proposal for a directive.

Key dossier

Progress disappointing

Some progress achieved in meeting Action Plan targets

Action completed

General Objective: Wider conditions for an optimal single Financial Market

Action	Timeline	State of play	Assessment	Follow-up
Adopt a Directive for ensuring taxation of interest income from cross-border investment of savings	Agreement at the Council level on the substantial content of the Directive by end 2000 Adoption before end 2002	An agreement has been reached at the European Council in Feira (P) for a step-by-step development towards exchange of information as the basis for taxation of savings income of non-residents. Work in Council is progressing steadily in order to achieve agreement on the substantial content of the Directive and is a priority under the French Presidency.	+	As soon as agreement has been reached by the Council on the substantial content of the Directive and before its adoption, the Presidency and the Commission will enter into discussions with the US and key third countries to promote the adoption of equivalent measures
Implementation of the December 1997 Code of Conduct on business taxation	Ongoing examination in the Code of Conduct group	A report was submitted to the Ecofin Council in November 1999, as scheduled. The Code of Conduct Group is continuing its proceedings with determination.	+	Discussions will continue on the roll-back and continued standstill of harmful tax measures.
Review of taxation of financial service products	Discussions in Taxation Policy Group	Steps were taken insofar as discussions on supplementary pensions were broadened to cover all cross-border pension provisions	+	The Commission aims to explore the scope for extending mutual assistance and information exchange to all financial products
Commission initiative on the taxation of supplementary pensions	First half of 2001	Discussions have taken place with Member States in the Taxation Policy Group and a technical sub group	+	A draft initiative is under preparation

- ★ = Action completed
- ⊕ = Some progress achieved in meeting Action Plan targets
- = Progress disappointing
- 📁 = Key dossier

