



ROYAL NORWEGIAN
MINISTRY OF TRADE AND INDUSTRY

The Minister

Commissioner Michel Barnier
European Commissioner for Internal Market and Services
European Commission
BERL 10/034
B - 1049 Brussels

Your ref

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Dear Commissioner,

On behalf of the Norwegian government I would like to present some views on the development of the Internal Market.

Through the EEA Agreement Norway is part of the Single Market. In 2010 the Norwegian Government appointed an independent review committee to undertake a thorough research based assessment of the EEA-Agreement. The Committee delivered its report earlier this year. The report is extensive and covers most aspects of Norway's relations with the EU.

Evidence found by the Review Committee shows that the Internal Market has contributed considerably to the positive development of the Norwegian economy. The economy has been modernised and made more efficient by the Internal Market.

The fundamental freedoms have not only removed a wide set of restrictions to trade, direct investment and establishment in cross border situations, they have also reduced obstacles to efficient business practices internally. This gives higher value creation for businesses and lower prices for consumers. The Internal Market rules on state aid, competition and public procurement have contributed to a more efficient market, resulting in higher welfare for society as whole.

I am convinced that these effects are not limited to the Norwegian economy, nor are they valid only for the past. The internal Market is beneficial throughout the EEA and will continue to modernise the economy and make it more efficient. This creates welfare for all. In the economic difficulties Europe is experiencing it is of vital

importance to keep improving the Internal Market. A well functioning Internal Market is an indispensable driver for growth and employment.

A year has gone since the Commission presented its Single Market Act with the twelve levers to boost growth and strengthen confidence. The debate leading up to the adoption of the Single Market Act and the consequent work with the initiatives has given a welcomed impetus to the further development of the Internal Market. It is important to maintain the momentum.

I have noted that a second wave of policy proposals to boost growth, employment and confidence in the single market is foreseen in the Commission Staff Working paper of 15th February, 2012: *Delivering the Single Market Act: State of Play*, and that the European Council in its conclusions of 1st–2nd March, 2012 welcomes the Commission's intention to propose a new round of measures designed to open up new growth areas in the Internal Market. I support the idea of a Single Market Act 2 to keep improving the Internal Market.

A strength of the Single Market Act is that it encompasses a wide set of interests. It highlights both the potential for growth and employment as well as the social dimensions of the Internal Market. I believe this balanced approach was instrumental in stimulating the participation in the process and commitment that was made to realise the ambitions set out in the Single Market Act. A Single Market Act 2 should maintain that balanced approach aiming at a competitive *social* market economy. The Internal Market is beneficial to businesses, employees and consumers alike. This should be emphasized by prioritising such issues as social cohesion and consumer protection on the same footing as competition policy and measures facilitating cross border trade.

There are many challenges that could be prioritised in the development of a new round of measures to improve the Internal Market. I would like to emphasise the following.

Governance of the Internal Market

Discussions at the Internal Market Forum in Krakow last year made it clear that governance and implementation are issues that require our attention. The Single Market Act did in my view not give sufficient priority to Governance of the Internal Market. A Single Market Act 2 should put Governance of the Internal Market and administrative cooperation among its top priorities.

In some areas governance of the Internal Market in terms of improved implementation, enforcement and administrative cooperation, may be as important as new legislative measures. A Single Market Act 2 should give high priority to the measures that are of greatest importance for growth and employment. Many of the challenges facing the Internal Market need increased efforts at national level in addition to cooperation at European level. A Single Market Act 2 should guide the efforts at both levels. Therefore

the requirement that all priorities have a legal instrument as their key initiative should perhaps not be maintained in a new round of measures.

SOLVIT and Enterprise Europe Network are efficient and valuable problem solving tools. I believe we also need to consider the options individual businesses have to enforce their rights. We should consider whether we need new remedies that make it commercially interesting for SMEs to enforce their Internal Market rights on a case by case basis.

Enhanced cooperation between competent authorities in different Member States will benefit the Internal Market in several ways. First of all, it can facilitate cross border activities by making administrative procedures less burdensome for businesses and citizens. It should, for example, in many situations suffice to hand in documents to one administration. A professional card is but one example. Secondly, it builds trust between national administrations. This may help identify and do away with unnecessary administrative procedures. Thirdly, when it comes to surveillance of market operators in cross border situations, administrative cooperation will make surveillance more efficient. Consumers and businesses need to know that market operators are supervised, even when they operate cross border. This will build trust in the Internal Market.

Continued efforts to facilitate cross border trade - developing the Internal Market for Services

Protectionism must be avoided as it will stifle development and thus undermine European competitiveness and growth. Policy development, both at national and European level, should aim at dismantling obstacles to trade in the Internal Market and with third countries.

Further efforts must be made to unleash the potential for growth and innovation in the service sector.

Norway has participated in the performance checks of the internal market for services. The goal was to identify which barriers service providers meet when providing services cross borders. This exercise opens up for a knowledge-based approach to meet the real life challenges for businesses in the services sector. As with the mutual evaluation exercise, whether we succeed depends on what we do with the knowledge we obtain. We should tackle the obstacles we identify. This requires action both at European and national level. A detailed action plan with time lines for the various actions should be developed. As far as possible we should prioritise those measures that best facilitate growth and employment.

Standardisation and certification can be efficient tools in facilitating cross border trade. European standardisation and certification should play a role in developing the Internal

Market for services. However, we should avoid standards and certification schemes that may fragment the Internal Market for Services.

We still need to make it easier for professionals to have their professional qualifications recognised in other EEA-states. This will also facilitate the mobility of citizens.

Social Cohesion in the Internal Market – workers' rights

In a time of economical crises, there is a risk that the level of protection as regards labour law, working environment and workers rights are put under pressure, and that this could pose a threat to the support of the Internal Market project. It is my view that social dialogue is of major importance in order to promote awareness and trust in the Internal Market and that enhancing the social dimension the Internal Market could encourage support for this important project. It is thus important that social cohesion should continue to be strengthened as a prioritized policy area. A high protection of workers' rights and a safe working environment should be the mark of the Internal Market.

The Digital Internal Market

The digital economy is developing rapidly. A key criterion for a successful economy is the ability to develop, utilise and adapt to new technologies. We need to support emerging new digital business models and to remove barriers such as fragmented legislation and differing standards, in order to take full advantage of the digital era. The development of e-commerce and online services offers great potential for beneficial, social and societal change. It seems clear that this is an area where cooperation at European level is necessary. We need to ensure that opportunities created by new technologies foster new growth and employment, not new barriers to trade. The Digital Internal Market Should thus remain a priority in a Single Market Act 2.

There are many challenges in creating a truly digital Single Market. Areas such as cloud computing, data protection, copyright, payment and delivery systems, must be addressed. Some of them will, no doubt, be difficult to solve. We should however, not exaggerate the difficulties and focus too much on problems. There is for example an ongoing discussion on trust. In Norway, 90 per cent of internet users think that the security of the payment systems is good. This is, perhaps, a reason for the 45 per cent increase in online sales from 2009 to 2010. I believe this demonstrates that there is real scope for growth in this area.

I welcome the action plan for doubling the volume of e-commerce in Europe by 2015 that the Commission presented 11th of January this year. Still one could ask if this is ambitious enough.

Consumer protection

The functioning of the Internal Market has a visible and important impact on everyday life of consumers. Creating Consumer trust and confidence is crucial for the functioning of the Internal Market.

Consumers are key players in the Internal Market. Consumer expenditure accounts for 56 per cent of GDP. The current Single Market Act refers to “consumer empowerment”. I believe a Single Market Act 2 should prioritise consumer protection. Consumer empowerment should supplement, not replace, consumer protection. In the field of commercial practices, for example, consumers should be educated and thus empowered to make informed and critical assessments of commercial communications. At the same time consumers need protection by the ban on misleading and unfair practices. In line with the current focus in the European Parliament, I would like to stress the need to design policies which take into account that consumers may be vulnerable, as a group or in given situations, such as faced with complicated financial savings products.

I welcomed the initiatives on alternative dispute resolution for consumer disputes, including the establishment of a platform facilitating online resolution of cross-border e-commerce related disputes. Having these measures adopted and working in practice is, I believe, an important contribution to consumer confidence in the Internal Market in the near future. In a Single Market Act 2 focus could be on strengthening the role and the work of the European Consumer Centres and the Network for cross-border enforcement cooperation.

Yours sincerely,



Trond Giske