

STATEMENT

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To the Commission of the European Communities

PUBLIC CONSULTATION ON THE FUTURE OF THE INTERNAL MARKET

Replies to the questions posed by the Commission

Question 1: Do you agree with the preliminary analysis of the current situation of the internal market and the challenges it is facing?

The benefits yielded by the Internal Market Programme have been positive for Finnish businesses and they have significantly increased competition. Efficient competition in the internal markets is a prerequisite for the success of businesses in global competition.

The challenges included in the analysis of the Commission regarding the internal market are well-founded. The markets are still fragmented in the areas presented. The incoherent and insufficient application of the rules ensuring the operations of the internal market on the national level creates a special problem.

The Member States still have strong protectionist attitudes and the true harmonisation of legislation has not progressed to the practical level in a satisfactory manner. One example thereof are the standards and other regulations, applicable on the national level, created for consumer protection or otherwise for safety or health, which in fact restrict the free movement of goods or services. The harmonisation of consumer protection has not progressed adequately, but a business operating in the entire EU area still has to clarify state-specifically any differences in national legislation.

Question 2: In what ways have you benefited from the opportunities offered by the internal market?

The share of internal markets of the turnover of Finnish businesses is significant and common rules have opened significant possibilities for many businesses. The transparency of rules has increased and the abolishment of border formalities has in practice, despite its shortcomings, significantly facilitated the movement of goods across the borders of the Member States.

The introduction of the common currency in the Euro area has been a significant benefit for both the businesses and the consumers and the significance of the enlargement of the Euro area as part of the development of the internal market needs to be emphasised.

There are still substantial barriers especially to the trade of services. National differences in lower-level regulations still constitute a barrier especially in the area of construction. In public procurement, the actions of the authorities in many Member States still favour the businesses of the home Member State at the cost of businesses from other Member States.

Question 3: Do you agree with this choice of priorities?

The priorities chosen are correct as such but also very wide in scope, which easily reduces their practical significance. In addition to the choice of priorities, it would be essential to ensure also the speed of actions. With regard to businesses, this means that an efficient and, at the same time, adequately speedy implementation of compliance with the existing rules is ensured. Businesses should be awarded a real compensation for infringement of internal-market rules. Adequate sanctions should be used to force a Member State to comply with the common rules.

Question 4: Internal market policy fosters economic reforms to which citizens and businesses then have to adjust. Do you think sufficient account is taken of the costs of making these adjustments?

Businesses are reserved transitional periods, which can usually be considered adequate. Adjustment requires that businesses make extensive technical changes for example in data technology. Adequate attention has not always, during the legislative preparation, been paid to the direct costs incurred by the businesses. The Commission should support the transitional measures so that businesses could know that the measures chosen by them also correspond to the goals of the Commission. Adequately clear and predictable transitional rules best help the businesses to adjust. Unnecessary additional costs could be reduced by better planning.

Question 5: In your experience, does the internal market offer sufficient opportunities for businesses?

As a main rule, the legislative framework is adequate. The central problems include difficulties to exploit intellectual property rights adequately efficiently within the entire internal market area.

Question 6: Do you consider that the internal market is 'innovation-friendly'?

A barrier to developing and exploiting innovations is the further division of the markets into national and sometimes also to even smaller market areas due to linguistic and cultural reasons. One barrier is the attitudes of citizens. The fragmentation of the markets has decreased interest in the creation of pan-European products.

Question 7: Do you consider that the current IPR regimes foster growth and innovation?

It shall be more affordable to obtain protection for IPR and the protection shall quickly cover the entire internal market area. It is especially important for SMEs that businesses can communicate using one application and one language in the entire internal market area.

Question 8: In your experience, do Member State authorities apply procurement rules in a way that gives businesses sufficient opportunity for market entry?

The creation of a true internal market of public procurement is still in its infancy. A central problem is the fact that, despite common rules, the authorities in many Member States still favour the businesses of the home Member State. The new competitive dialogue is a positive reform and it is especially applicable to know-how intensive services.

Question 9: Do you think that public authorities are sufficiently aware of the opportunities the EU public procurement framework offers for fostering innovation?

The awareness of the procurement units of innovations and their exploitation is still very limited in many other Member States, not only in Finland. The price is over-emphasized in all procurement including the procurement of services.

Question 10: In your experience, are there any significant problems with the internal market preventing the development of the private equity and venture capital market on a cross-border basis?

In Finland, the private equity and venture capital market has developed significantly especially as a result of the increased activity of the private equity and venture capital investors of other countries. The most important investments in Finland in the last few years have been made by private equity and venture capital investors operating from other countries. Finland has not experienced any problems relating to the operation of the internal market. The capital available to private investors has increased significantly during the last few years and this has offered a true alternative for example to stock-market financing. Capital investors have actively participated in corporate structure reforms and they have thus, from the market-related perspective, increased the dynamics of the internal market in a positive manner.

Question 11: Do you think that voluntary standards for services would be beneficial?

These standards can be useful but they also involve problems. A central problem is how we can ensure that the basis of their preparation is adequately wide in scope and that the standards do not actually restrict competition and market access.

Question 12: What are your views on how the Commission carries out consultations on internal market policy?

Consultations on internal market policy are a positive way to increase participation of different actors in the development of the internal market.

Question 13: What are your views on how the Commission carries out impact assessments on internal market policies?

Impact assessments have undergone a positive development and it is necessary to develop them further so that impacts on corporate activity are taken into account. Impact assessments must be concentrated on the most extensive projects.

Question 14: What are your views on evaluations conducted for internal market policies and the follow-up given to them?

There are no significant problems with regard to the evaluations.

Question 15: Do you think that Member States should be encouraged to carry out national screening exercises of existing and new rules and administrative procedures?

More pressure should be exerted on Member States to intervene more efficiently and in a speedier manner in the shortcomings in their administrative procedures.

Question 16: In what fields do you see the greatest need to step up cooperation between Member State authorities in order to make the internal market work?

The service branch, utility and financial services, form the central problem area. Likewise, attention should be paid to areas where EU-level harmonisation is still insufficient. More attention shall also be paid to the implementation of the internal market rules and to administrative procedures.

Question 17: What is your assessment of the role and work of supervisory or regulatory authorities in the Member States?

There are significant differences between the Member States. Cooperation between the supervisory authorities must be increased case-specifically whenever new problems emerge. The comitology procedure may decrease transparency and weaken the possibilities of businesses to assess the operations of the internal market.

Question 18: What is your view on current mechanisms for enforcing internal market rules at the national level?

There are significant differences between the Member States often resulting from differences in the administrative systems and also from differences in the legal remedies available to businesses. A more coherent mechanism should be established for internal-market issues.

Question 19: What is your experience of the Commission's infringement policy in the field of the internal market?

The operations of the Commission are felt to be too inefficient and slow.

Question 20: Do you agree with the need to step up coordination and responsibility in Member States for managing the internal market?

The Member States shall be made liable to take action more swiftly. Businesses should be granted a direct right to invoke infringements on the same grounds in all Member States and to receive compensation for damage caused by the infringements.

Question 21: In your experience, does internal market regulation take sufficient account of the bigger picture of international competitiveness?

Protectionism is still strong in the Member States and it forms a real barrier to the development of the internal market. There is no willingness to open even the internal market, nor international competition. A recent example is the country-of-origin principle relating to clothing and footwear, whereby Italy wants to protect its own industry.

Question 22: On which regulatory issues should the EU strive for more international regulatory convergence or equivalence?

Uniform rules should be developed in all sectors in order to increase international trade. Harmonisation of the competition rules and the securities markets, especially with regard to new emerging markets, are the central goals. In many countries, the State plays a central role in corporate activity. This may cause serious distortion of competition.

Question 23: Where should the EU engage more strongly in either intergovernmental or non-governmental standard-setting organisations?

Especially the trade procedures should be globally harmonised in order to decrease unnecessary bureaucracy. All product and service sectors need uniform rules in the development of standards.

Question 24: In your experience, do Member States and the EU institutions do enough to promote the opportunities presented by the internal market?

Businesses do not need special campaigns. The European Union and its Member States shall attend to the development of legislation and the removal of barriers to the internal market and ensure that the rules jointly agreed upon are also enforced.

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