

Services in the internal market. Services Directive

2004/0001(COD) - 22/11/2005

The committee adopted the report by Evelyne GEBHARDT (PES, DE) amending the proposal under the 1st reading of the codecision procedure. No fewer than 1600 amendments were tabled to this highly controversial draft directive. Members of the committee agreed a compromise on several aspects of the directive in line with proposals made by the rapporteur and accepted the principle of a framework directive rather than a number of sectoral directives. They adopted a range of amendments concerning the purpose of the directive, its relation to other Community legislation (including the directive on the temporary posting of workers), administrative cooperation between Member States and provisions seeking to make it easier for a company providing services to set up shop in another Member State .

However, the agreement between the political groups did not resolve the two most contentious issues: the country of origin principle (by which a service provider is broadly subject to the legislation of his country of establishment and not the country where the service is provided) and the scope of the directive, i.e. precisely which services it will cover:

- **country of origin principle:** Mrs Gebhardt had proposed distinguishing the right to provide crossborder services from the practical exercise of this right. The right to exercise a service activity would be acquired by the provider in his country of origin, i.e. his country of establishment. But the provision of a service in another Member State - the host country - would be subject to the legislation of that State. Mrs Gebhardt was supported by the Socialist and Green groups. However, the committee finally voted in favour of a solution closer to the Commission's initial proposal. The amendment in question was jointly submitted by members of the EPP-ED, ALDE and UEN groups;

- **scope of the directive:** although nobody questioned the exclusion from the directive of public services "of general interest" (which in any case is laid down in the Treaty), members of the ALDE and EPP-ED groups were strongly opposed to the rapporteur's proposals aimed at a broader exclusion of "services of general economic interest" (those provided for payment by private companies). When it came to the vote their view prevailed and Mrs Gebhardt's amendments on this point were rejected by a narrow majority. However, the committee voted in favour of Mrs Gebhardt's proposal that the directive should not apply to certain services including gambling and lotteries, audiovisual services (including the cinema), professions and activities connected with the exercise of official authority (such as notaries), lawyers and, above all, healthcare (one of the most hotly debated issues).

In its amended version the report was adopted by a large majority: 25 votes to 10, with 5 abstentions including that of the rapporteur herself.