

Procedure file

Basic information		
INI - Own-initiative procedure	2012/2144(INI)	Procedure completed
Internal market for services: state of play and next steps		
Subject 2.40 Free movement of services, freedom to provide		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	IMCO Internal Market and Consumer Protection		08/05/2012
		PPE CORAZZA BILDT Anna Maria	
		Shadow rapporteur	
		S&D RAPTI Sylvania	
		ALDE LØKKEGAARD Morten	
		Verts/ALE RÜHLE Heide	
		ECR HARBOUR Malcolm	
		EFD SALVINI Matteo	
		Committee for opinion	Rapporteur for opinion
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
	EMPL Employment and Social Affairs		09/07/2012
		PPE CASA David	
	ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
	TRAN Transport and Tourism	The committee decided not to give an opinion.	
	REGI Regional Development	The committee decided not to give an opinion.	
European Commission	Commission DG Financial Stability, Financial Services and Capital Markets Union	Commissioner BARNIER Michel	

Key events			
08/06/2012	Non-legislative basic document published	COM(2012)0261	Summary
13/09/2012	Committee referral announced in Parliament		

09/07/2013	Vote in committee		
19/07/2013	Committee report tabled for plenary	A7-0273/2013	Summary
10/09/2013	Debate in Parliament		
11/09/2013	Results of vote in Parliament		
11/09/2013	Decision by Parliament	T7-0366/2013	Summary
11/09/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2144(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	IMCO/7/09992

Documentation gateway

Non-legislative basic document		COM(2012)0261	08/06/2012	EC	Summary
Committee draft report		PE496.644	21/03/2013	EP	
Amendments tabled in committee		PE508.256	13/05/2013	EP	
Committee opinion	EMPL	PE497.896	20/06/2013	EP	
Committee report tabled for plenary, single reading		A7-0273/2013	19/07/2013	EP	Summary
Text adopted by Parliament, single reading		T7-0366/2013	11/09/2013	EP	Summary
Commission response to text adopted in plenary		SP(2013)816	19/12/2013	EC	

Internal market for services: state of play and next steps

OBJECTIVE: to propose ways forward to maximise the economic effect of the Services Directive.

BACKGROUND: the Commission notes the services sector is a significant driver of growth in the EU as it represents more than 65% of EU GDP and employment. A more integrated and better functioning Single Market for services is vital to contribute to the economic recovery of the EU.

All Member States have made significant efforts to implement the Services Directive. They have removed many unjustified barriers and have modernised their regulatory framework applicable to services.

The measures which Member States have adopted to implement the Services Directive is bringing an additional 0.8% of EU GDP over time, with the majority of the effect materializing during the 5-10 years following implementation. Economic analysis has shown that if Member States were to abolish almost all the remaining restrictions, the total economic gain would be more than three times what we have already achieved - about 2.6% of GDP.

However, growth and job creation in the services sector are still hampered by a wide range of obstacles. More growth is possible if action is taken now to release the full potential of the Services Directive.

On 30 May 2012 the Commission already proposed country-specific [recommendations](#) on structural reforms in the services sector for 12 Member States.

CONTENT: the present communication sets out the actions that Member States and the Commission should take to ensure that the Directive has the greatest possible impact. It responds to the reporting obligation of the Commission as set out in the Directive, the requests from the European Council and the European Parliament to monitor closely and report on the implementation of the Directive and on the initiatives to improve and reinforce the Single Market for services.

Delivering the full effect of the Services Directive: in line with the Communication on Better Governance for the Single Market, we should concentrate our efforts on making what already exists work better. This Communication proposes ways forward to maximise the economic effect of the Services Directive in particular in services sectors of significant economic importance:

- business services representing 11.7% of GDP,
- construction representing 6.3% of GDP,
- tourism representing 4.4 % of GDP, and
- retail representing 4.2% of GDP.

Zero tolerance policy for non-compliance: the Commission believes that Member States should step up their level of ambition as regards the Services Directive. Any remaining obstacles should be thoroughly assessed as to their economic impact.

Member States must commit to make their legislation fully compliant with the Services Directive by putting an end to remaining instances of non-compliance with unequivocal obligations in the Services Directive in their legislation as a matter of urgency. The Commission will apply its zero tolerance policy through infringement procedures, where necessary.

Professional services: there are around 800 categories of regulated professions. Discrepancies in regulating professional services have been identified amongst Member States. The effects of these divergences are made worse by cumbersome procedures for the recognition of qualifications. The Commission has put forward a proposal to modernise the legal framework for the mobility of professional services; Member States should adopt it swiftly.

Consumers: the Single Market must work for consumers. Businesses should not partition it in an artificial way to the detriment of service recipients. As a matter of priority Member States must enforce national provisions implementing the non-discrimination clause which prohibits discrimination against service recipients on the basis of their nationality or country of residence. Particular attention should be given to cases where consumers face higher charges than would be imposed for a domestic transaction when they wish to pay for a service provided in another Member State by credit transfer or direct debit in euro.

Consumers should, in principle, no longer be refused supply on the ground that it is impossible to physically deliver goods in another Member State. Similarly, service providers should not rely on mere geographic factors in order to engage in practices that artificially partition markets within the EU single market to the detriment of consumers.

Making Single Market rules work on the ground: procedures for the recognition of professional qualifications are long and cumbersome in many Member States. Cross-border services are increasingly provided on line. Despite the simplification introduced by the Services Directive and the E-Commerce Directive, barriers still exist.

The Services Directive and other Single Market instruments, such as the Directive on the Recognition of Professional Qualifications and the E-Commerce Directive, should be applied in a streamlined way. Where necessary, Union law should be modernised to meet specific services' needs and to ensure that the legal framework works effectively on the ground for both service providers and recipients.

Sector-specific needs: the performance checks exercise has identified the need to address a number of bottlenecks for growth in specific sectors.

In this regard, the Commission:

- will aim at ensuring an increased use of mutual recognition clauses in future proposals of sector-specific legislation setting up authorisation schemes for experts providing specialised services;
 - will aim at accelerating legislative procedures on measures affecting consumers which are of key importance for the single market for services;
 - will adopt in 2012 a European Retail Action Plan setting out an EU strategy for this sector ; and will create a High-Level Group on Business-Related Services to study the shortcomings of this particular sector by autumn 2012.
- **Second generation Points of Single Contact (PSC):** Member States should develop the Points of Single Contact to become fully-fledged e-government tools responding adequately to the needs of service providers and recipients.

By the end of 2014, Member States, assisted by the Commission are encouraged to develop the second generation PSCs which should (1) cover all procedures during the business life cycle, (2) be multilingual, and (3) be more user-friendly.

The Commission believes that this requires a political commitment by all European institutions and Member States to give the necessary priority to delivering the required actions within the set time-scale. The Commission will work with Member States in a partnership to create new growth and jobs in services and will monitor progress closely in its Annual Growth Survey.

Internal market for services: state of play and next steps

The Committee on the Internal Market and Consumer Protection adopted the own-initiative report by Anna Maria CORAZZA BILDT (EPP, SE) on the Internal Market for Services: State of Play and Next Steps.

Services untapped potential: recalling that the services sector accounts for more than 65 % of EU GDP and total employment and is a pillar of our economy and that services covered by the Services Directive amount to 45 % of EU GDP, Members welcome the Commission Communication and stress the untapped potential of services for growth and jobs.

The Commission is asked to focus its efforts on those service sectors that are of great economic importance and have above-average growth potential, such as business services, construction services, tourism services and retail, so as to produce tangible results in the short term for growth and jobs.

The report stresses the importance of developing better indicators of Single Market performance. Welcomes the development of the Digital Single Market and also encourages the gradual opening-up of the internal market for services in the welfare sector.

Barriers, borders and burdens to free movement: Members regret that there is a significant number of cases identified where Member States are inappropriately invoking overriding reasons of public interest (Article 15 of the Services Directive) for the sole purpose of protecting and favouring their domestic market. They consider that the use of overriding reasons of public interest should always be objectively justified and strictly proportionate to the objective pursued, consistent with European Court of Justice (ECJ) case law. The report highlights the fact that burdensome legal and shareholder requirements, territorial restrictions, economic needs tests and fixed tariffs create unjustified obstacles to efficient cross-border establishment and damage the internal market for services.

Members ask the Commission to clarify the concept of proportionality and issue practical guidance to the Member States on how to apply it. They urge Member States to apply effectively and fully the freedom to provide services clause (Article 16 of the Services Directive) and to remove double regulatory burdens. They call on businesses to refrain from unjustified discriminatory practices on grounds of nationality or place of residence.

Smart governance of the internal market for services: Member States are asked to:

- take an integrated approach to the internal market for services in order to ensure legal certainty for consumers and business, in particular SMEs;
- make greater use of mutual recognition to facilitate the free movement of services, wherever harmonised rules are not yet in place;
- upgrade to second-generation Points of Single Contact that are fully functional, multilingual and user-friendly e-government portals.

The report asks the Commission to ensure consistency between the peer review under the Services Directive and the mutual evaluation under the Professional Qualifications Directive.

It considers that the European Commission and the European standardisation organisations should work in close cooperation in order to ensure, where relevant, coherence in the terminology used so that the rules are applied consistently throughout the EU. It encourages broader use of the IMI-system between Member States to check compliance with the requirements of the directive, in particular in cases of the cross-border provision of service.

The report also highlights the fact that inadequate cross-border coverage of insurance for service providers is a major hindrance to free movement. It urges stakeholders to find solutions through dialogue.

Better enforcement: Members call on the Commission to assist Member States with the key problems they have identified regarding implementation and application of EU Single Market legislation, including on how to improve transposition and compliance deficits and obtaining fast and efficient judicial redress.

They strongly support the Commission's zero tolerance policy with regard to unjustified restrictions and calls for fast-track infringement procedures to be applied whenever incorrect or insufficient implementation or breaches of the directive by Member States are identified.

Strengthening transparency and accountability: the report encourages the Commission to pay particular attention to the services sector in Annual Growth Surveys and to include services in the country-specific recommendations. It calls on the national parliaments to engage actively in supporting the enforcement of the directive and asks the Council and its Presidency to place the internal market for services on the agenda for Competitiveness Council meetings on a regular basis.

Internal market for services: state of play and next steps

The European Parliament adopted by 366 votes to 292, with 42 abstentions, a resolution on the Internal Market for Services: State of Play and Next Steps, in response to the Commission communication on the implementation of the Services Directive.

Members recall that the Services Directive has brought concrete benefits since its adoption in 2006, facilitating market access for both business and consumers, but has not yet yielded all expected results, due to shortcomings in its implementation. Parliament makes the following recommendations:

Services untapped potential: recalling that the services sector accounts for more than 65 % of EU GDP and total employment and is a pillar of our economy and that services covered by the Services Directive amount to 45 % of EU GDP, Parliament welcomes the Commission Communication and stress the untapped potential of services for growth and jobs.

The Commission is asked to focus its efforts on those service sectors that are of great economic importance and have above-average growth potential, such as business services, construction services, tourism services and retail, so as to produce tangible results in the short term for growth and jobs.

The resolution stresses the importance of developing better indicators of Single Market performance. It also welcomes the development of the Digital Single Market and also encourages the gradual opening-up of the internal market for services in the welfare sector.

Barriers, borders and burdens to free movement: Parliament regrets that there is a significant number of cases identified where Member States are inappropriately invoking overriding reasons of public interest (Article 15 of the Services Directive) for the sole purpose of protecting and favouring their domestic market. It considers that the use of overriding reasons of public interest should always be objectively justified and strictly proportionate to the objective pursued, consistent with European Court of Justice (ECJ) case law. The resolution highlights the fact that burdensome legal and shareholder requirements, territorial restrictions, economic needs tests and fixed tariffs create unjustified obstacles to efficient cross-border establishment and damage the internal market for services.

Parliament asks the Commission to clarify the concept of proportionality and issue practical guidance to the Member States on how to apply it. It urges Member States to apply effectively and fully the freedom to provide services clause (Article 16 of the Services Directive) and to remove double regulatory burdens. Members call on businesses to refrain from unjustified discriminatory practices on grounds of nationality or place of residence.

Smart governance of the internal market for services: Member States are asked to:

- take an integrated approach to the internal market for services in order to ensure legal certainty for consumers and business, in particular SMEs;

- make greater use of mutual recognition to facilitate the free movement of services, wherever harmonised rules are not yet in place;
- upgrade to second-generation Points of Single Contact that are fully functional, multilingual and user-friendly e-government portals.

The resolution asks the Commission to ensure consistency between the peer review under the Services Directive and the mutual evaluation under the Professional Qualifications Directive. It considers that the European Commission and the European standardisation organisations should work in close cooperation in order to ensure, where relevant, coherence in the terminology used so that the rules are applied consistently throughout the EU. It encourages broader use of the IMI-system between Member States to check compliance with the requirements of the directive, in particular in cases of the cross-border provision of service.

Parliament also highlights the fact that inadequate cross-border coverage of insurance for service providers is a major hindrance to free movement. It urges stakeholders to find solutions through dialogue.

Better enforcement: Members call on the Commission to assist Member States with the key problems they have identified regarding implementation and application of EU Single Market legislation. They strongly support the Commissions zero tolerance policy with regard to unjustified restrictions and calls for fast-track infringement procedures to be applied whenever incorrect or insufficient implementation or breaches of the directive by Member States are identified.

Strengthening transparency and accountability: Parliament encourages the Commission to pay particular attention to the services sector in Annual Growth Surveys and to include services in the country-specific recommendations. It calls on the national parliaments to engage actively in supporting the enforcement of the directive and asks the Council and its Presidency to place the internal market for services on the agenda for Competitiveness Council meetings on a regular basis.