

Euro-Mediterranean Economic Transition Conference
« Giving the neighbours a stake in the EU Internal
Market ».
Session C.1

The EU Internal Market in Services: issues and current
situation.

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Outline.

- The importance of services in the EU and in the Mediterranean countries
 - Implications of a better functioning services IM for the Mediterranean countries
- The State of the IM for services
 - Progress with the creation of the IM for services.
 - Conclusions

The importance of services in the EU and in the Mediterranean countries

- Services represent 70% of the EU economy
- Services (excluding construction) account for nearly 60% of the GDP of Mediterranean partners.
- Three general categories of services when it comes to exports for Mediterranean countries as well as the EU (travel, transportation and other business related services).
- In 2002 the MED 9 accounted for 3.5% of EU-15 trade in services but were net exporters to EU (X 11.9bn €, M €10.4 bn)

Afew ideas to keep in mind

- Services are the heart of employment growth (they are « people » businesses).
- Manufacturing performance and value-added increasingly rely on services.
- Distance/temporary provision is increasing thanks to internet/cheaper travel.
- Out-sourcing will continue to increase since specialisation drives the global service economy.
- The service market is as « global » as it is « local ».
- There are still many barriers to temporary movement or distance provision within the EU.

Implications for the Mediterranean countries

- A smoother functioning IM in services will lead to a better performing and growing EU economy and an increase in the EU's demand for services from our Mediterranean neighbours including via out-sourcing.
- A smoother functioning IM in services will also give rise to more employment opportunities in the EU and increase requirements of non-EU national companies/workers.
- A smoother functioning IM should offer more competitively priced and qualitative services to clients in neighbouring markets which could help the performance of their service/manufacturing and agricultural sectors.

The State of the Internal Market for services

- It's not good!
- In the field of e-commerce and information society the acquis is developed.
- For all other services, with the exception of financial services, telecommunications and transport there is still a lot to do.
- Report by the Commission in 2002 (COM 2002 441 final)– many barriers to temporary cross-border provision and cross-border establishment exist

Acquis for information society services

- Transparency directive (EC 98/34) applies to all new rules relating to information society services.
- This assures that all new national rules are Internal Market « checked ».
- Plan to possibly extend it to all service rules next year.

Directive 98/34/EC on transparency for information society services (as amended by Directive 98/48/EC)

→ establishes a **mechanism** allowing the Commission to assess **DRAFT national legislation** concerning information society services as to its compatibility with Community law: **preventive dialogue with MS on the regulation**

→ sanction if MS fails to comply with its **notification** obligation: **inapplicability** of the national regulations (ECJ, C-194/94, CIA Security, § 54)

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E-commerce Directive

Objective: Establish an internal market (free movement of services) for information society providers

→ provides **legal security** to providers of information society services

→ **removes barriers** to the cross-border provision of information society services within the

Internal Market

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E-commerce Directive 2000/31/EC

Key Elements

→ Scope:

all information Society services except activities of notaries, representation before Courts and gambling services (includes on-line audiovisual content services

→ Key provisions:

- Country of origin control clause
- Bans specific prior authorisation schemes. Minimum information requirements
- Transparency of commercial communications
- Treatment of contracts
- Liability
- Cross-border co-operation/co-regulation

E-commerce Directive 2000/31/EC

Transposition

- Entry into force **17.7.2000**
- Transposition deadline for EU-15 MS: **17.1.2002**
for EU-10 MS: **1.5.2004**
- State of play of transposition on 15.9.2005: **all MS have transposed**; some of them with considerable delays (the Netherlands & France; Czech Republic & Latvia in the **2nd half of 2004**)

European Commission 

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Amended proposal for a directive on services in the Internal Market (COM 2006 160 final).

- Framework Directive
- Exclusions: services of general interest, financial services, telecommunications, transport services and transport-related services, port services, healthcare, social services relating to social housing, childcare and support of families and persons in need, activities connected with the exercise of official authority, temporary work agencies, private security services, taxation, gambling and audiovisual services.
- The amended proposal does not affect labour law and social security legislation, criminal law, private international law and fundamental rights.

Services Directive - Establishment

- Cut red tape
- Disciplines for authorisation schemes
- Administrative simplification: points of single contact, electronic procedures
- Prohibition of major restrictions
- Screening and mutual evaluation of other requirements

Services Directive – Freedom to provide services

- Provision on the freedom to provide services: MSs to respect service providers' right to provide a service in a MS other than where they are established and to ensure that they have free access to and free exercise of a service activity within its territory. Moreover, MS will be able to apply their own requirements to incoming services, provided that are non-discriminatory and proportionate and only to the extent they are necessary, for reasons relating to public policy, public security, public health and the protection of the environment.

Services Directive – Limited Harmonisation

- Information obligations on service providers (e.g. name, address, qualifications, insurance, authorisation....)
- Reinforced mutual assistance between MSs to ensure improved and effective supervision of service providers
- Measures promoting service quality (optional liability insurance, redress mechanisms, European codes of conduct)

Process

- Priority for Austrian Presidency
- Political agreement on May 29
- Adoption by end of the year?

Conclusions

- Acquis for information society services is relatively straightforward.
- Potential acquis for services covered by the proposed services directive is not that complex.
- Maybe not that difficult for Mediterranean countries to track/mirror this acquis in order to widen Euro-Mediterranean association agreements to cover the rights of establishment and the supply of services?
- Service trade and use is as important in the development of industry/agriculture as it is to services themselves.

Further information

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