

Practical Examples of the benefits of the Commission's amended proposal for Services Directive

Enhancing the benefits of the EU Single Market

The amended proposal for a Services Directive aims to maximise the benefits of the Single Market for **citizens, consumers and businesses**.

In the decade after the completion of the first Single Market programme in 1993, the removal of barriers created at least 2.5 million extra jobs and an increase in wealth of nearly €900 billion (on average about €6,000 per family in the EU).

Competition has increased as companies find new markets in other Member States. In many areas, prices have come down and the range and quality of products available to consumers have increased.

But most of the benefits that we have seen so far have occurred in **goods** markets. **For services, the Single Market is not yet working as well as it should.** There are still barriers hindering service providers from establishing themselves in other Member States – or trading across borders. This needs to be addressed because services are important to the EU. They account for between 60 and 70% of economic activity in the 25 Member States of the EU.

The Commission's amended proposal for a Services Directive, following the agreement in the European Parliament, will tackle this situation in a number of ways.....

1. Businesses will be able to establish themselves anywhere in the EU – saving time and money

Service providers will be able to obtain information and complete administrative formalities through **single points of contact** in each Member State. This will speed up authorisation and reduce costs. *A business wishing to build and run a hotel or a store in another Member State will no longer have to deal with several different authorities at national, regional and local level.*

A service provider will be able to **complete all formalities to set up a business online**. *They will avoid the expense and inconvenience of multiple visits to authorities in the Member State into which they intend to provide services.*

Authorisation schemes in Member States will be clearer, more transparent, less restrictive and non-discriminatory. *Currently, getting authorisation can be an unpredictable and time-consuming exercise involving substantial delays and cost in terms of legal fees, staff dealing with negotiations and foregone profits.*

All **discriminatory administrative requirements** and all "**economic needs tests**" will be prohibited. (*"Economic needs" tests require businesses to commission market studies, often costing hundreds of thousands of Euros, to prove to the authorities that they will not "destabilise" local competition.*)

2. Businesses will find it easier to provide services across borders

Service providers **will be able freely to provide their services across borders into other Member States**, except where prohibited by Member State requirements that are non-discriminatory, proportionate and necessary for reasons relating to public policy, public security, public health and the protection of the environment.

It will be possible to **provide services in a Member State without having to establish there**. Currently a business has to have a permanent presence to provide certain types of services. Removing a requirement to establish – and the associated investment in time and money – will make it possible for more businesses to offer services on a temporary or occasional basis. Activities covered by an establishment requirement in some Member States include many tourism-related services, e.g. mountain guides, yacht and sailing boat hire, ski instructors etc.

Businesses will **no longer be required by a Member State to take on a particular legal form in order to provide services into that territory**. Current examples of burdensome requirements in Member States include a requirement for real estate agencies to be "natural persons" in order to be allowed to provide the service, which excludes real estate agencies which are companies from other Member States.

3. Consumers will be properly protected

Consumers will benefit from **better information on businesses and the services they offer**. *They will know more about price and quality.*

It will **not be possible to discriminate against consumers on grounds of residence or nationality**. All EU citizens will enjoy the same rights wherever they live. *For example, museums will not be able to charge non-residents higher prices and organisers of sports events, such as marathons, will not be allowed to charge non-residents higher participation fees.*

4. Supervision will be better due to more effective cross-border cooperation between authorities

Member States will have to step up administrative cooperation between them to **ensure improved and effective supervision of service providers without duplication**. *This will be underpinned by a new **electronic system** allowing for the direct and efficient exchange of information between Member States.*