



COUNCIL OF
THE EUROPEAN UNION



Conclusions on a better functioning Single Market for services – mutual evaluation process of the Services Directive

*3074th COMPETITIVENESS (Internal Market, Industry, Research and Space) Council meeting
Brussels, 10 March 2011*

The Council adopted the following conclusions:

"THE COUNCIL (Competitiveness)

STRESSING the vital contribution that an effective Single Market in the field of services can make to growth and jobs, as reflected in the Commission's Europe 2020 Strategy¹ and in the Annual Growth Survey²;

BEARING IN MIND that a fully functioning Single Market in services has the potential to create substantial additional growth in EU GDP; that in recent years services have been the source of all net job creation in the EU and that intra-EU trade in services account for over half of total trade in services;

EMPHASIZING the fact that the services falling under the scope of the Services Directive account for around 40% of the EU employment and GDP and that its full implementation will reduce fragmentation of the Single Market for services and therefore significantly improve its real functioning thus contributing to economic recovery and enhancing the EU's competitiveness;

¹ COM (2010) 2020 final.

² COM(2011) 11 final.

P R E S S

1. **RECALLS**
the Conclusions of the European Council of 17 June 2010 requesting Europe’s Single Market to be taken to a new stage through a comprehensive set of initiatives;
the Conclusions of the Council (Competitiveness) of 10 December 2010 on the Single Market Act underlining the importance of the follow-up on the results of the mutual evaluation process to further enhance the functioning of EU service markets;
the Commission’s Communication “Towards a Single Market Act – for a highly competitive social market economy” of 27 October 2010³ and the public consultation launched therefrom;
the European Parliament’s resolution on “Delivering a single market to consumers and citizens”⁴;
2. **UNDERLINES** that Member States have made significant efforts at national, regional, and local level to implement the Services Directive completely and in good quality thus removing unjustified barriers and modernising the regulatory framework applicable to services;
3. **STRESSES** that nonetheless efforts should be stepped up in some Member States for the full implementation of the Services Directive to move towards a truly integrated internal market for services by removing obstacles to cross-border trade, facilitating market access for SMEs and widening choice for consumers, in this context the Commission should monitor via the Internal Market Scoreboard and report to the Council;
4. **CALLS ON** the Commission and Member States to assure priority for full implementation and proper application of the Services Directive including fully-functional PSCs and effective administrative cooperation via the IMI system, for its coherent enforcement, and in this respect **WELCOMES** the Commission’s ongoing in-depth assessment of all aspects of implementation and their quality;
5. **POINTS OUT** that the mutual evaluation process as foreseen by the Services Directive and the methodology of which was endorsed by the High Level Group (Competitiveness and Growth)⁵ has proven to be a useful and effective tool to evaluate Member States’ performance in implementing specific parts of this Directive and to considerably enhance transparency amongst Member States and the Commission as to the requirements and authorization schemes applicable in Member States;
6. therefore **AGREES** that the inclusion of mutual evaluation in selected areas, where appropriate, and on the basis of an adapted methodology, could be an effective tool of EU law enforcement, while at the same time **RECOGNISES** the additional efforts this exercise might mean to Member States;

³ COM(2010) 608 final/2.

⁴ adopted 20 May 2010, P7_TA(2010)0186.

⁵ on 1 October 2009

7. **ACKNOWLEDGES** that the better functioning of the Single Market for services both for the benefit of consumers and businesses gives rise to new opportunities; **WELCOMES** the Commission's Communication "Towards a better functioning Single Market for services – building on the results of the mutual evaluation process of the Services Directive" acknowledging that the Services Directive is a major step towards a better functioning Single Market for services, and underlining the need to better exploit the full potential of the services sector; **CALLS ON** the Commission and Member States to take further actions where necessary to improve the internal market for services;
8. **UNDERLINES** the importance of ongoing internal market initiatives in relation to services (including e.g. e-commerce, Professional Qualifications Directive, retail market monitoring, interconnection of trade registers) and **CALLS UPON** the Commission and Member States to ensure the necessary synergies within these initiatives with the aim of the proper functioning of the Single Market;
9. **UNDERLINES** that EU rules need to be clear and consistent so as to provide citizens and businesses with the legal security they need to buy or sell services across borders as they do in their domestic markets. **RECOGNISES** that businesses and citizens still cannot take full advantage of the single market for services because of remaining fragmentations, as shown by the results of the mutual evaluation exercise; **WELCOMES** the internal market performance check initiative focusing on the concrete impact and difficulties of the interaction of EU instruments on the ground and aiming to assess the situation from the perspective of all actors of the Single Market with the objective of a well-functioning unbureaucratic and coherent Single Market for services; **UNDERLINES** that the performance check should be based on a methodology and on an explicit set of objectives endorsed by Member States in the High Level Group (Competitiveness and Growth) with an information to the Council and that the possible workload on the Member States' administrations stemming from this exercise must not go beyond what is strictly necessary; **URGES** the Commission to ensure consistency through an effective coordination amongst its different services;
10. **RECOGNISES** that unjustified or disproportionate requirements reserving access to certain service activities to service providers holding particular qualifications constitute major barriers for the Single Market especially in cross border situations as demonstrated by the mutual evaluation exercise; **WELCOMES** the Commission's intention to further assess this issue; and **INTENDS** to examine appropriate solutions where necessary;
11. **LOOKS FORWARD** to the Commission's assessments and findings related to issues regulated in the Services Directive (capital ownership, legal form and insurance requirements) which could lead when deemed necessary to specific initiatives by 2012 ;
12. **CALLS** on the Commission for evidence-based facts and findings based on an evaluation of the effects of the implementation of the Services Directive, including data on the impact for SMEs, as requested by the Council (ECOFIN) in February 2010⁶;

⁶ Council Conclusions on Deepening of the Single Market- Services in the Internal Market and market monitoring, adopted by ECOFIN on 16 February 2010

13. ATTACHES IMPORTANCE TO the Commission's annual guidance on the application of the freedom to provide services clause of the Services Directive, the core provision of this piece of legislation that is foreseen to facilitate cross-border activity and to be applied properly and consistently in all Member States; and URGES the Commission to propose interpretative guidelines on the relationship between the Services Directive and the Professional Qualifications Directive and report to Member States to ensure consistent implementation and application;
14. URGES the Commission to consolidate the notification system foreseen in the Services Directive and to provide guidance to national administrations as to its use in order to enhance transparency;
15. ATTACHES IMPORTANCE to the efficient enforcement of service providers' rights in the Single Market at national level and therefore IS OF THE OPINION that appropriate redress mechanism at national level is crucial to help service providers, in particular SMEs to operate cross-border;

CONCLUSIONS

16. INVITES the Commission to keep the Council (Competitiveness) involved and informed on the regular monitoring of the implementation of the Services Directive and on all its initiatives in relation to the better functioning of the Single Market in particular in the services sector;
 17. INVITES the Member States to cooperate closely and in a constructive manner with each other and the Commission on the issues touched upon in these conclusions in order to move towards a more integrated Single Market for Services;
 18. CONSIDERS that appropriate tools and instruments of the Single Market should be mobilised and that the advantage should be taken of the momentum for relaunch of the Single Market with a view to the potential of the services sector to increase competitiveness and create smart and sustainable growth and jobs."
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