

***"Transparency, proportionality, effectiveness: the new
European services package"***

***Presentation by Commissioner Elżbieta Bieńkowska to
the European Parliament Internal Market and Consumer
Protection (IMCO) Committee***

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Introduction

Madam Chair let me start by congratulating you on your recent reappointment.

I am happy that we will be able to continue working together over the next years.

Madam Chair, honourable members, when I was at the IMCO Committee meeting in May last year, I noted the call in the Comi Report for the Commission to deliver actions "rapidly".

And I said that I agreed.

But I also made it clear that I want to get actions right.

And I refused to sacrifice quality for speed.

And I kept my word.

The package of four measures that we put forward last month is one that we thought about long and hard.

We consulted extensively with stakeholders.

Not just service providers, but consumer associations and workers' representatives.

We listened to the different views in the public consultation and beyond.

Based on these, we looked at the different options.

And we came up with a balanced, integrated and above all, practical, package.

Why we need the services package

It is a package that is about jobs and growth.

Across this Commission, we are doing our best to find new sources of growth and sustainable employment.

Be it through EFSI and the Investment Plan for Europe.

Be it through the Digital Single Market and the Circular Economy package.

Or through encouraging structural reforms in Member States.

Yet we are still not tapping the enormous potential of the services sector.

It accounts for 70% of GDP and generates 90% of the jobs.

And its importance is growing with every day as the line between ICT, goods and services blurs to irrelevance.

Yet on all the measures of performance that we have available, we are not succeeding.

Compared to goods, our services markets are far from being integrated.

Many barriers are still hampering businesses, professionals and consumers in their daily activities in the Single Market.

The worst affected are the small firms looking to grow.

And this in turn means lower innovation, lower competitiveness, and lower productivity, which all means fewer jobs in Europe.

And it also means higher prices and reduced choice for our consumers at a time when they can least afford it.

And in the age of the internet, they do not understand it.

So our package addresses those concerns.

As you know, it is made up of four initiatives.

Let me outline each of them in turn.

The four initiatives

Let me begin with two preventive instruments.

First of all, the proposed **revision of the notification procedure** for services focuses on the process.

Quite frankly, the current procedure is not working and everyone can see that.

So we have worked with Member States and stakeholders to come up with a practical revision.

Most importantly, it will require Member States to notify measures before their final adoption.

So if there are problems of compliance with EU law, changes can still be made.

The initiative puts focus on more dialogue with national authorities and on discussing and solving issues in advance.

It will also make it easier to see and understand if the proposed changes are proportionate.

To ensure that the instrument addresses various market situations, the obligation to notify measures will cover additional key requirements, such as authorisation schemes.

Finally, the new procedure will provide for transparency for external stakeholders, allowing them to have access to the notifications.

This will enable more visibility on regulatory activities throughout the EU.

The second element in the package is also aimed at prevention and legal clarity.

It is a **proportionality test** for new regulation of professional services, designed to look at the substance of new or revised national legislation for such professions.

It has been developed through the in-depth experience of mutual evaluation, a massive and ground-breaking exercise over the past two years in which Member States reviewed the regulation of over 5,500 regulated professions.

It provides guidance to enable Member States to judge whether new rules would meet their objectives and would not create unforeseen and undesirable effects.

This exercise is forward-looking and concerns only future changes to the existing laws or new regulation.

It puts in one place the most important elements to consider from existing case law of the European Court of Justice.

And it will give consumers, professionals and authorities the confidence that decisions on regulation of professions will be taken on a robust and comparable basis across Europe.

It does not tell Member States what conclusions they should reach.

It does not impose deregulation on them, devalue skills or put at stake consumer safety or quality.

It requires nothing more and nothing less than basing regulatory decisions on sound analysis and evidence.

It is about proportionate and evidence-based policy.

And it is about learning from what works.

Linked to this, the third element of the package is the **guidance on reform recommendations** for regulation in professional services.

We have made specific recommendations to specific Member States in a limited number of key sectors.

These are areas where the regulation in place appears particularly heavy, especially when compared to other Member States.

We reached these recommendations carefully, using a qualitative assessment and supported by a new restrictiveness indicator.

This is not about threatening Member States, it is about helping them to best target their rules. It is an invitation to re-assess or re-consider certain aspects of the regulation.

Madam Chair, honourable members, when I was before this Committee last year, I promised that I would not reopen the Services Directive.

And I said that I would not bring back the principle of “Country of Origin”.

I have stuck to those promises.

In line with the Services Directive, every Member State will retain the right to apply domestic regulatory requirements

and to decide whether an applicant can offer services on its territory.

And we are doing nothing that will impact existing EU law on social rights or posting of workers.

I worked hard with Marianne Thyssen to ensure that.

Instead, it is about transparency, clarity and confidence-building.

And these principles are the same that we have applied in our **European Services e-Card**.

This fourth and final initiative is about combining two aims: simplification of life and reduction of costs for our job-creating businesses, and legal certainty for our authorities, workers and consumers.

We considered all the options and we decided to take very specific, limited and targeted action.

We propose setting up a single common EU-level electronic procedure for service providers looking to sell and thus grow cross-border.

It will give absolute clarity to service providers over the documents that they need to submit.

And it will give absolute transparency to host-country authorities, consumers and workers' representatives about the compliance of service providers with national laws.

The procedure will be available to providers in business services and construction covered by the Services Directive.

The evidence suggests that this is where action is most needed and would be most beneficial.

It will be a voluntary tool for service providers, but Member States will be required to set up the necessary structures at national level.

Transparency, proportionality and effectiveness

Madam Chair, honourable members, what all four initiatives have in common is that they are about transparency, proportionality and effectiveness.

They are about transparency, because they will give our companies clarity about the rules that they must comply with and the documents that they must submit.

And they are about transparency because they will ensure that regulation of professions is on the basis of clear and comparable principles.

They are about proportionality because we have targeted the e-Card at two key sectors, and we have focused it on making existing rules simpler to comply with.

They are about proportionality because we have stuck to the principles and values behind the Services and Professional Qualifications Directives rather than going beyond.

We have focussed on the changes that are needed to make them work.

And above all, they are about effectiveness, because we have come up with practical measures that will address the concerns we heard from service providers and professionals.

And they build on what already works.

Reform not revolution.

They build on the successful experience with the Internal Market Information system for communicating between Member States.

They build on the mutual evaluation exercise on regulated professions.

And they build on the many practical examples of where Member States have introduced reforms that have got rid of outdated and burdensome rules without weakening consumer protection.

Like Italy with its reform of the market for over-the-counter drugs, which led to more pharmacies being set up and more jobs.

Or Portugal, where reform of authorisations and licensing procedures for the accommodation and food and beverage sector led to a huge increase in new firms.

I hope that we can work together and with the Maltese and other Presidencies to secure early adoption of the

services notification reform, the proportionality test and the e-Card initiatives.

Thank you.

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