



# Single Market Strategy Services Package

## European Services e-Card

IMCO meeting, 3<sup>rd</sup> May 2017



# Content:

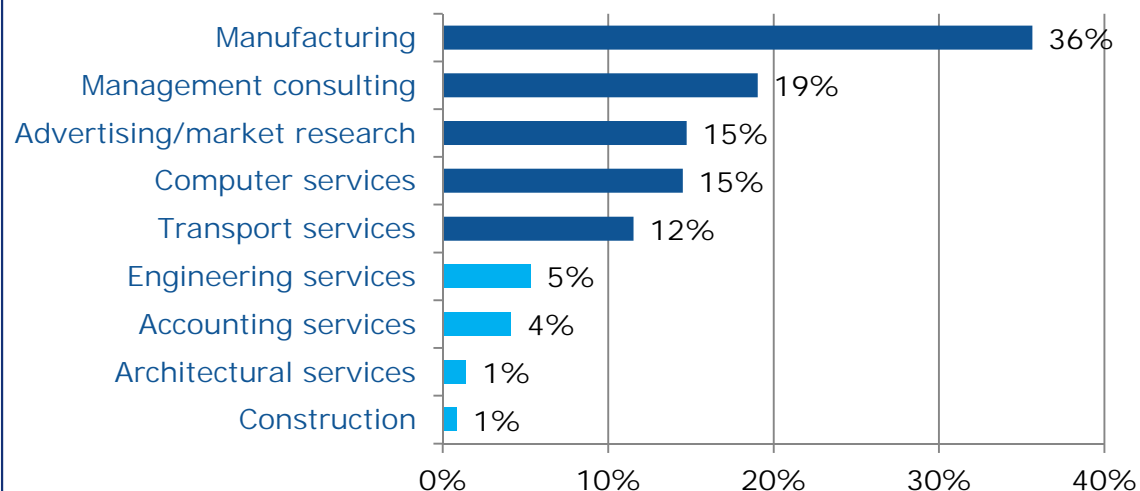
1. Impact assessment of the Commission
2. Rationale behind the proposal
3. Main features of the proposal



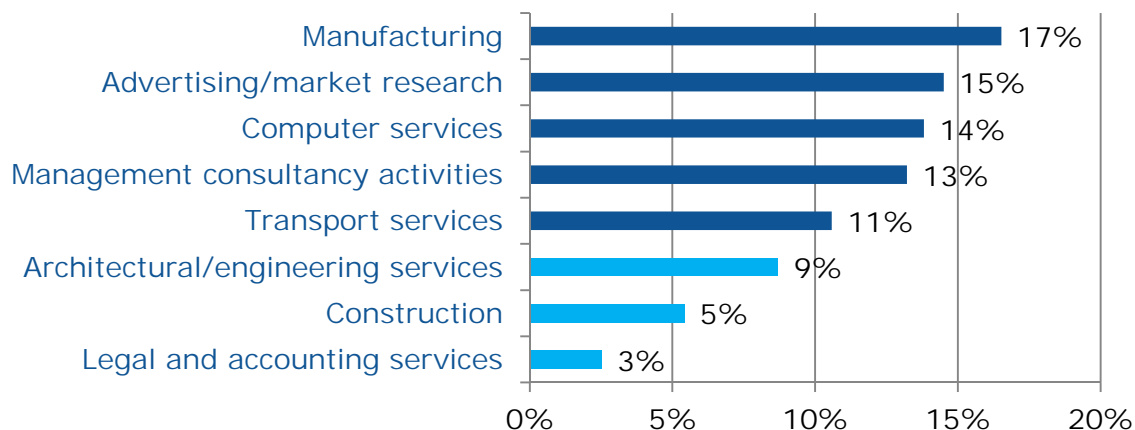
## 1- Impact assessment

- COM has undertaken a thorough analysis of the Services Directive implementation which shows unexploited potential
- In some important sectors, service providers still face significant obstacles when going cross-border
- This hampers cross-border trade and investment in these sectors, with negative effects on consumers and industry
- The focus of this initiative is on business services (e.g. architecture, engineering, accountancy) and construction

## Cross-border trade intensity



## Cross-border investment intensity



Internal market integration is (very) low in a number of large business services sectors and the construction sector

## 1- Impact assessment: problem drivers





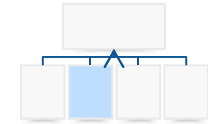
## 1- Impact assessment: Uncertainty and administrative complexity

### What is the problem?

- Stakeholders tell us that administrative obstacles are of key importance
- This can be many things...
  - Difficulties in understanding the applicable rules
  - Lengthy and complex procedures
  - Repeatedly submit the same information and documents
  - Translation and certification requirements of documents
  - Etc.

### Why is this a problem?

- Costs for service providers may run up to several thousands of EUR
- Often large uncertainty about applicable procedures and compliance with rules of the host Member State
- Existing provisions under the Services Directive do not allow for easy enforcement action



## 1- Impact assessment: lack of structured cooperation mechanisms under the Services Directive

### What is the problem?

- Little exchange of information between different Member States under the area of the Services Directive
- Absence of a clear framework for cooperation with procedural steps



### Why is this a problem?

- Increases burden on service providers given that situation in the home Member State is often disregarded
- Host Member State does not benefit from all available information

## 1- Impact assessment: insurance coverage in cross-border situations



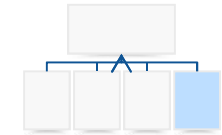
### What is the problem?

- Large differences regarding obligations on professional indemnity insurance across Member States
- Lack of clarity/transparency on insurance coverage
- Difficulties to obtain insurance coverage in the host Member State (in an efficient way)

### Why is this a problem?

- Consistently highlighted by stakeholders as an additional obstacle when going cross-border
- Consumers want a clear confirmation that the service provider has an adequate insurance coverage





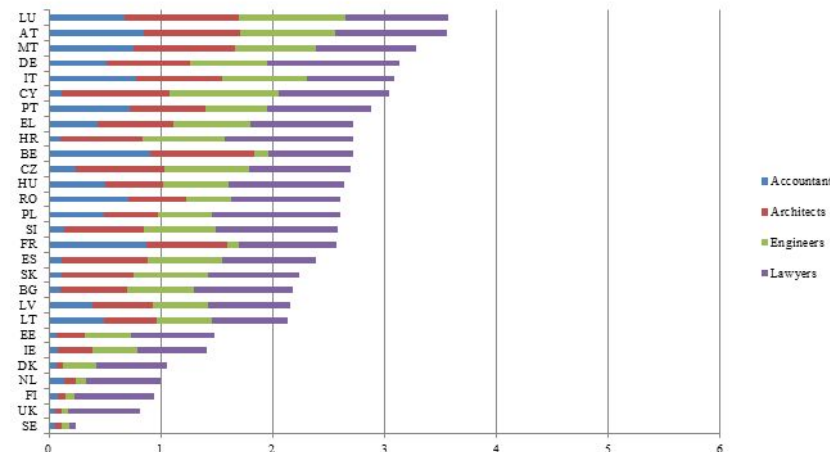
## 1- Impact assessment: national regulations in key business services with negative spill-over effects

### What is the problem?

- Large divergence in national regulations
- In particular for some key business services sectors such as architectural, engineering and accounting services

### Why is this a problem?

- Limits cross-border trade and investment
- Reduces competition and productivity growth
- Negative spill-over effects on other sectors, including industry





## 1- Impact assessment:

### Policy option 1: European services e-card attesting legal establishment

- Single common EU-level electronic procedure
- A voluntary electronic certificate that would attest to legal establishment in the home Member State
- Service providers interact with one single coordinating authority in the home Member State
- The card would be issued by the home Member State' authorities and would be valid throughout the European Union
- Host Member States would continue to impose their authorisation schemes (when applicable) before a service activity can commence in their territory



## 1- Impact assessment:

Policy option 2A: A European services e-card with increased administrative simplification

- Similarities with option 1:
  - Single common EU-level electronic procedure, voluntary for service providers
  - Service providers interact with one single coordinating authority in the home Member State
  - e-Card attests to legal establishment in the home Member State
- Differences with option 1:
  - e-Card gives right to start provision of services in the host Member State, while Member States retain the right to invoke overriding reasons of public interest
  - Different procedures for temporary cross-border provision and secondary establishment
  - Technical facilities linked to secondment of staff



## 1- Impact assessment:

Policy option 2B - Action on regulatory obstacles to cross-border establishment in key business services

- Add-on to policy option 2A
- Aims to address possible cases of disproportionality regarding certain regulatory restrictions for cross-border operations, impacting operations in the home Member State
- Offered to selected business services only (architectural, engineering and accounting services)
- Introduces rules as to which requirements or options can be requested by the host Member State regarding companies setting up a secondary establishment through branches/agencies/offices



## 1- Impact assessment:

### Policy option 3 - Facilitate access to insurance in a cross-border context

- Information about insurance coverage in the e-card through a harmonised form
- Requirement for insurance distributors to provide a harmonised statement of claims, which must be taken into account by insurers in host Member States
- Requirement for professional organisations to grant access to group cover to cross-border providers in a non-discriminatory manner



## 1- Impact assessment:

### Policy option 4 - Harmonisation of requirements for key business services

- Aims to reduce regulatory disparity in selected business services (architectural, engineering and accounting services)
- Partial harmonisation of rules on legal form, shareholding/voting and management structures and multidisciplinary activities
- Also covers domestic service providers (in contrast with options 1 to 3)



## 1- Impact assessment: Choice of preferred package

- Package 2 identified as preferred package, including:
  - Policy option 2A: A European services e-card with increased administrative simplification
  - Policy option 3: Facilitate access to insurance in a cross-border context
- The need for addressing regulatory obstacles will be evaluated after implementation of the initiative, also considering the follow-up Member States will give to the reform guidance and to the country specific recommendations in the context of the European Semester



## 2 – Rationale behind the proposal (2/3)

- General agreement, including by the EP, to not reopen the Services Directive
- Why need for a specific action instead of relying on the existing Services Directive?
  - Large potential for growth offered by the Services Directive still unexploited, despite repeated efforts of the Commission to enhance its implementation (10 years of discussions with MS);
  - Key provisions of the Services Directive on administrative simplification do not allow for far-reaching enforcement (e.g., administrative simplification, points of single contact, cooperation between Member States);
  - This type of solution has been shown to work (European Professional Card) for professionals, need to do it for companies





## 2 – Rationale behind the proposal (3/3)

- The Commission has had multiple consultations and workshops with stakeholders since 2014
- This confirmed that service providers still face important obstacles when expanding cross-border
- This initiative aims to address some of the most commonly raised obstacles, including:
  - Uncertainty about requirements and procedures;
  - Lack of cooperation between national authorities;
  - Lack of electronic procedures;
  - Complex and lengthy formalities;
  - Stringent document requirements, including costs of certification and translation



### 3 – Main features of the proposal (1/4)

- Objectives: (1) offer administrative simplification and reduce uncertainty to service providers going cross-border and (2) build up trust and offer more information to national authorities
- A single common EU-level electronic procedure, available in electronic platform connected to the Internal Market Information system (IMI)
- Offered to providers in business services and construction covered by the Services Directive
- Available to service providers previously established in a Member State on a voluntary basis



### 3 – Main features of the proposal (2/4)

- Service providers interact with one single coordinating authority in the home Member State in the local language
- Exchange of information between home and host Member States, with clear roles, steps and timelines
- Clarity regarding list of requirements/data to submit, varying per host Member State requirements and sectors concerned in accordance with legislation of home and host Member State
- Reliance on data instead of documents

### 3 – Main features of the proposal (3/4)

- Two distinct scenarios, with two distinct procedural workflows:
  1. Temporary cross-border provision of services – ensuring issue of e-card after 3 to 5 weeks;
  2. Secondary establishment (setting-up of a branch/agency/office) – ensuring issue of e-card after 7 to 10 weeks.
- Checks and balances:
  - Home and host Member States can ask the service provider questions/clarifications which suspends deadlines;
  - Suspension and revocation of the e-card is possible at any time (justified by issues such as bans on provision of services, fake self-employment situations, etc).



### 3 – Main features of the proposal (4/4)

- Secondment of staff formalities
  - Declarations in advance regarding professional qualifications through the same electronic platform connected to IMI;
  - Link to national websites for declarations relating to posting of workers;
  - Opt-in solution for Member States: declaration through the same electronic platform relating to the posting of workers.
- Easing cross-border access to insurance coverage:
  - Information about insurance coverage in the e-card through a harmonised form;
  - Requirement for insurance distributors to provide a harmonised statement of claims, which must be taken into account by insurers in host Member States;
  - Requirement for professional organisations to grant access to group cover to cross-border providers in a non-discriminatory manner.



# Thank you for your attention

## Any questions?