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REPORT

on the Commission communication ‘Services of General Interest in Europe’
(COM(2000) 580 – C5-0399/2001 – 2001/2157(COS))

Committee on Economic and Monetary Affairs

Rapporteur: Werner Langen

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PROCEDURAL PAGE

By letter of 22 September 2000, the Commission forwarded to Parliament a communication, 'Services of general interest in Europe' (COM(2000) 580 – 2001/2157(COS)).

At the sitting of 3 September 2001 the President of Parliament announced that she had referred the communication to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on Culture, Youth, Education, the Media and Sport, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Industry, External Trade, Research and Energy, the Committee on Legal Affairs and the Internal Market and the Committee on Regional Policy, Transport and Tourism for their opinions (C5-0399/2001).

The Committee on Economic and Monetary Affairs had appointed Werner Langen rapporteur at its meeting of 6 November 2000.

It considered the Commission communication and the draft report at its meetings of 9 January, 6 March, 10 July, 12 September, 10 October 2001 and 16 October 2001.

At the last meeting it adopted the motion for a resolution by 23 votes to 0, with 9 abstentions.

The following were present for the vote: Christa Randzio-Plath, chairwoman; José Manuel García-Margallo y Marfil and Philippe A.R. Herzog, vice-chairmen; Werner Langen (for Christoph Werner Konrad) rapporteur; Generoso Andria, Richard A. Balfe, Luis Berenguer Fuster, Pervenche Berès, Hans Udo Bullmann, Harald Ettl (for Simon Francis Murphy), Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Christopher Huhne, Pierre Jonckheer, Othmar Karas, Giorgos Katiforis, Piia-Noora Kauppi, Astrid Lulling, Jules Maaten (for Olle Schmidt), Thomas Mann (for Brice Hortefeux), Ioannis Marinos, Ioannis Patakis, Fernando Pérez Royo, Alexander Radwan, Bernhard Rapkay, Karin Riis-Jørgensen, Peter William Skinner, Ieke van den Burg (for Bruno Trentin), Theresa Villiers and Karl von Wogau.

The opinions of the Committee on Culture, Youth, Education, the Media and Sport, the Committee on Employment and Social Affairs and the Committee on Industry, External Trade, Research and Energy are attached ; the Committee on the Environment, Public Health and Consumer Policy decided on 29 May 2001 not to deliver an opinion, the Committee on Legal Affairs and the Internal Market decided on 10 July 2001 not to deliver an opinion and the Committee on Regional Policy, Transport and Tourism decided on 25 April 2001 not to deliver an opinion.

The report was tabled on 17 October 2001 .

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

European Parliament resolution on the Commission communication, ‘Services of General Interest in Europe’ (COM(2000) 580 – C5-0399/2001 – 2001/2157(COS))

The European Parliament,

- having regard to the Commission communication (COM(2000) 580 – C5-0399/2001),
 - having regard to Article 36 of the European Union's Charter of Fundamental Rights concerning access to services of general economic interest,
 - having regard to Articles 2, 5, 16, 73, 81(3), 86, 87, 88 and 295 of the EC Treaty,
 - having regard to its previous resolutions on general interest services, in particular those of 17 December 1997² and the most recent resolution of 18 May 2000 on the transparency of financial relations between Member States and public undertakings³,
 - having regard to the conclusions of the Nice European Council concerning general interest services and the statement of 11 December 2000 on general interest services,
 - having regard to the hearing on this subject conducted by the Committee on Economic and Monetary Affairs on 6 March 2001,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Culture, Youth, Education, the Media and Sport, the Committee on Employment and Social Affairs and of the Committee on Industry, External Trade, Research and Energy (A5-0361/2001),
- A. whereas general interest services are to be seen as part of the European Social Model,

² OJ C 14, 19.1.1998, p. 53-74

³ OJ C 59, 23.2.2001, p. 130-238

- B. whereas the policy of liberalising various services of general interest may have both positive and negative effects on members of the public/users, and whereas therefore this policy requires a precise and comparative evaluation of the quality of the services provided before embarking upon further liberalisation,
- C. whereas, under Article 16 of the EC Treaty, general interest services in Europe occupy an important place in the Community and play an essential role in promoting social and territorial cohesion,
- D. whereas, pursuant to Article 36 of the Draft Charter of Fundamental Rights of the European Union, the Union recognises and respects access to services of general economic interest as provided for in national laws and practices, in accordance with the Treaty establishing the European Community, in order to promote the social and territorial cohesion of the Union,
- E. whereas, having regard to the subsidiary principle pursuant to Article 5(2) of the EC Treaty, it will, in certain conditions strictly laid down by Community provisions, be for the Member States and their local authorities to decide which services are of general economic interest and the appropriate method of management,
- F. whereas the development of the single market has led to more intense competition between public and private undertakings, and it is therefore important and right for competition rules to be applied fairly and effectively,
- G. whereas, pursuant to Article 295 of the EC Treaty, the EU must be neutral with regard to systems of property ownership,
- H. whereas public undertakings and undertakings which have been granted special or exclusive rights pursuant to Article 86(1) of the EC Treaty or entrusted with services of general economic interest pursuant to Article 86(2) of the EC Treaty are an important economic factor in the Community and the Member States,
- I. whereas the introduction of the European single currency and increasing globalisation will mean in future that competition law in the EU must be applied uniformly to prevent or remove cross-border distortions of competition,
- J. whereas defining and structuring general interest services remains in principle the responsibility *at the appropriate level* of the Member States and their constitutional 'substructures', in particular regional and local authorities, while at the same time complying with the law on state aid applied on a uniform basis, guaranteed through verification by the EU Commission under the supervision of the European Court of Justice,

- K. whereas development of general interest services on the basis of the social market economy model must be a key element of European economic, financial and social policy,
- L. whereas compliance with the provision of services of general interest in the countries applying for accession, and the process of their development, is an important aspect that must be taken into consideration in the course of accession negotiations,
- M. whereas compliance with the specific situation in rural areas (socially disadvantaged regions, remote locations, etc) must be given special consideration,

I. The concept of general interest services in the EU

- 1. Notes the Commission's communication on general interest services and agrees with it that what 'is to be regarded as a service of general interest and how it should be operated are issues that are first and foremost decided locally' and that European citizens should receive high-quality services at affordable prices and, where justified by the social situation, free of charge ;
- 2. Calls on the Commission to perform without delay a precise and comparative evaluation of the real impact of the policy of liberalisation of services of general interest before embarking upon further liberalisation;
- 3. Approves the option chosen by the Commission, which regards the Cardiff process as a framework for regular evaluation of the functioning of services of general economic interest within the single market;
- 4. Points out that services of general economic interest must ensure equality of access, security of supply and continuity,
- 5. Supports the common aim of the Heads of State and Government and the Commission to ensure that the application of competition law in connection with general interest services results in greater predictability and increased legal certainty;

6. Proposes to call on its competent committee to prepare a report based on Article 59 of its rules of procedure (legislative initiative pursuant to Article 192 of the EC Treaty) with the objective of requesting the Commission to submit a proposal for a framework directive on the objectives of services of general interest on the basis of Article 95 of the EC Treaty; the purpose of the framework directive shall be to create a legal framework guaranteeing the provision of services of general interest to citizens specifically in application of Article 16 of the EC Treaty;
7. Notes that, after an initial phase of implementing the internal market, by opening up national networks to competition, a phase which has not yet been completed, the Union is now entering a second phase in which the expansion of cross-border trade and the emergence of pan-European operators and networks makes it necessary to define powers and responsibilities at European Union level for services of general interest;
8. Is aware that the EU Council in Lisbon set the EU the goal of becoming the world's most dynamic economic area and notes that this presupposes rewarding all economic operators for innovation and ideas;
9. Points out that effective State control over subsidies, provided that it is tailored to the requirements and characteristics of services of general interest, is reasonable and necessary;
10. Notes that the European Union is entitled to control abusive practices only to determine whether there is a serious breach of fair competition, which is guaranteed to Union citizens, throughout EU territory with a cross-border impact at the same time;
11. Stresses the importance of non-profit organisations, as organisations springing from civil society (working with volunteers, non-commercial, form of organisation which is responsive to citizens, no owners), as a third pillar in addition to the market and the State, and points to their importance for citizens' ability to organise self-help;
12. Further emphasises that the decisive factor is not who performs the general interest services but that quality standards *and social balance* are maintained, *and that security of provision and continuity are used as criteria for the award of contracts*, and welcomes the Commission's announcement that it will not lay down any preconditions as to whether general interest services are to be provided by public or private undertakings;
13. Notes that the European Treaties serve both aims, as they commit both the EU and the Member States to a policy of fair competition, and they also emphasise the need to guarantee access to general interest services;

14. Notes that general interest services in general should be taken to mean services that are important for people's daily lives, including therefore transport, postal services, telecommunications, education, hospitals, social services, drains, refuse collection and water and energy supply, particularly electricity;
15. Assumes that the Commission's competition policy will comply with Article 151 of the EC Treaty, and that the European Union will do its utmost to make allowance for the cultural interests of the Member States and take the particularities of the cultural sector, and its diversity, into account; with due regard for the subsidiarity principle;
16. Points out that, pursuant to Article 16 of the Treaty, the Community and the Member States have an obligation to define the tasks of services of general economic interest as well as the way they are carried out, and therefore must impose obligations to provide certain services on the service providers, whether public or private, on terms enabling them to carry out their tasks;
17. Stresses the importance of reliable conditions for the provision of general interest services (high quality, wide availability, optimum price, social balance and lasting security of provision);
18. Emphasises that a good many general interest services can be provided on the basis of fair competition, and stresses that private and public undertakings must, as a matter of principle, be treated equally in that connection;
19. Considers that the co-responsibility of private and public operators for services of general interest will also have to be clarified within the framework of work on the social responsibility of businesses, which is on the European social agenda agreed at Nice;
20. Notes that general interest services can be provided most beneficially for the citizens if they are publicly and clearly defined and there are economic-efficiency criteria to be complied with; where these services involve economic activities, as many providers as possible must, as a matter of principle, be given the opportunity to carry out these tasks competitively through a public invitation to tender;
21. Notes that if the public authorities in the Member States impose service obligations on enterprises and grant financial compensation from public funds for imposing these obligations, this does not constitute aid, as long as the compensation does not go beyond what is needed to even out the burden imposed by the public authorities;

22. Calls for the common missions of services of general interest to be defined at Community level in order to ensure the development of the universal service and its extension into new sectors, in order to take account of technological changes and the need to implement inter-territorial solidarity;
23. Welcomes the fact that the Commission advocates a very comprehensive range of general interest services and in achieving this aim recognises the subsidiarity principle and the Member States' freedom, subject to certain conditions, to define and control general interest services;
24. Points out that local authorities must remain free to choose the method of managing the services of general interest for which they are responsible pursuant to the provisions of their respective Member States, and that such discretion includes the right to use direct management or to delegate the management of those services; stresses, however, that where a local authority decides to delegate the management of the services of general interest for which it is responsible, it must be required to use systematic competitive tendering, in accordance with Community law; also stresses that the entities managing services of general interest under a direct management arrangement should not be in a position to take over external markets, outside their territorial area of activity;
25. Welcomes the Commission's statement that services of general economic, social and regional interest should be provided in the EU even when the market does not provide sufficient incentives;
26. Shares the Commission's view that to fulfil public service obligations, special or exclusive rights may be granted without infringing competition law, and special funding mechanisms for the additional obligations may be devised;
27. Agrees with the Commission that so-called 'non-economic activities', mainly prerogatives of the State and its local authorities, such as internal and external security, the administration of justice and the conduct of foreign relations, are not subject to EU competition rules;
28. Supports the Commission in its view that services in connection with national education and compulsory basic social security schemes and those provided by non-profit organisations, in particular social, charitable and cultural institutions, should be excluded from the application of competition and internal market rules;
29. Emphasises that apart from the issue of competitive neutrality in the provision of general interest services, important aspects of the provision of these services must be, in particular, whether they are economically beneficial for citizens and tax-payers, together with their quality, financing – including the transparency thereof – reliability and monitoring;

30. Assumes that in further consultations the Commission will use examples, guidelines, and communications, together with proposals for regulations on exemptions, to provide further clarification of the controversial questions with regard to legal clarity and the areas of application of European competition law;

II. Need for action at European level

31. Endorses the Commission's views with regard to the principles of neutrality, freedom of definition and proportionality and emphasises that by virtue thereof the Member States are free to determine the tasks and management of general interest services and that it is the Commission's task to ensure that the rules on the single market and competition are observed;
32. Supports the Nice summit's calls for the rules on the single market and competition to be applied in such a way that general interest services are able to carry out their tasks economically and with legal certainty;
33. Considers it necessary, in view of the successes and problems to date in liberalising important service areas under the single market programme, that the liberalisation which has been introduced in the areas of transport, electricity, gas and postal services is pushed forward; notes that liberalisation efforts hitherto have contributed to the competitiveness of European undertakings and to securing jobs;
34. Takes the view that progressive liberalisation of services sectors in the European Union must go hand in hand with maintenance of universal service, in particular through the definition of universal service obligations;
35. Notes that public and private undertakings should always be given equivalent access to the provision of services of general interest where that is not specifically excluded by Member State regulations; stresses the importance of competition and economic-efficiency testing, such as by way of benchmarking, for optimum service provision;
36. Expects, therefore, the Commission in cooperation with the Member States to define the common principles on which services of general interest are based at an appropriate tier of subsidiarity; to specify and define the common principles of democratic and transparent regulation; to ensure active involvement of citizens and users in the process of definition, evaluation and contract appraisal and to institutionalise a common pluralist appraisal procedure;
37. Points out that respect for the choice of and criteria applying to services of general interest requires more democratic governance: legislation adopted under the codecision procedure, applied by the Commission subject to scrutiny by the European Parliament;

38. Stresses, in the context of the subsidiarity principle, that Member States, regional and local authorities are free to define and choose the service provision they want;
39. Calls on the Commission, to ensure greater legal clarity, to make clear in which cases intra – Community trade is not affected (local application) and to improve the transparency of the decision-making process through a graduated examination process, and calls on the Commission to decide more rapidly on standard cases and simple complaints in the interests of transparency and greater legal certainty;
40. Warmly welcomes the fact that the Commission in recent months has issued regulations clarifying and further developing its former guidelines and has thus clarified the situation with regard to aid for SMEs, the ‘de minimis’ rule and aid for training and environmental protection, and emphasises that aids to private and public undertakings are admissible only under strict conditions;
41. Calls on the Commission to clarify how a distinction is to be made between economic and non-economic activities and what is meant by ‘transparency monitoring’ in conceptual terms in relation to ‘proportionality testing’ in operational terms; stresses that the competition rules do not in any circumstances apply to non-economic activities;
42. Hopes the Commission will coordinate a regular and pluralist evaluation of the way in which the tasks of general interest service provision are fulfilled, particularly with regard to the contribution to the social and territorial cohesion of the Union, quality of services, accessibility on a equal footing and a balanced and transparent pricing system;
43. Considers it vital to devise pluralist assessment procedures involving all parties; suggests that the European Parliament should organise the debate within the various existing forums (Economic and Social Committee, Committee of the Regions, consultative bodies, associations involved in services of general interest initiatives and consumer associations), calls for this process to result in consultation before any decisions, and calls for the creation of a European centre for the monitoring of services of general interest;
44. Asks the Commission to produce a report assessing the present state and the requirements of SGIs in the applicant countries;

III. Need for action at Member State level

45. Considers that the Member States and their subsidiary levels (‘Länder’, regions and local authorities) should in future have greater freedom to draw up their own definitions of general interest services within the terms of the EU competition rules;

46. Affirms the EU's competence in relation to competition policy, which, in view of the challenges of the single currency, the European single market, globalisation of the economy and technological development has assumed all the greater importance, but considers necessary a broad political debate on the limits of competition policy when it collides with other core policy areas of the EU or on national, regional or local level;
47. Takes the view that it is necessary for the Commission to exercise supplementary control over abuses;
48. Takes the view that in a parliamentary democracy the structures and a cost/benefit analysis of modes of service provision must be presented transparently and clearly to citizens and taxpayers together with competitive alternatives;
49. Takes the view that there is a fundamental problem with generalised subsidies to all providers of services in the general interest, as this prevents the services provided from being presented correctly, in line with demand and need;
50. Considers therefore that it is legally possible and politically sensible that the additional cost of services which are to be offered to the public on particularly favourable terms can be offset if necessary from tax revenue but that the transparency of such financing must be guaranteed;
51. Considers that the EU transparency directive which was adopted in 2000 and is soon to be implemented is the appropriate instrument to assist public understanding of the problem of generalised subsidies in enterprises which perform services in the free market as well as in the public service and thus to create more clarity and honesty with regard to the use of tax revenues and other aid;
52. Endorses the Commission's position to the extent that awarding contracts to private-sector third parties even in areas of enterprise which have not yet been liberalised is subject to the principle of an invitation to tender being issued beforehand by the public sector;
53. Takes the view that wherever services of general interest can be provided competitively, access should always be open to public and private undertakings on equal terms; draws attention in that connection to the local-economy subsidiarity principle;
54. Considers that there is no justification under a competition policy for any preferential treatment for state enterprises, through either subsidies or tax policy measures for economic activities in competition with private enterprises;
55. Considers it basically incompatible with the principle of competitive neutrality for state enterprises to be exempted from turnover tax in areas where both private and state enterprises operate, e.g., the supply of water, gas, electricity, thermal energy or refuse disposal, and takes the view that unilateral preferential tax treatment of state enterprises is not compatible with EU law and therefore there should be a principle

that state and private enterprises are treated equally with regard to tax legislation;

56. Stresses that in line with the Copenhagen criteria the applicant countries too, apart from short-term transitional provisions, may not deliberately favour their industries, but must develop the capacity to withstand the general pressure of competition and be assisted in modernising and expanding public expenditure;
57. Stresses that the basic obligation on the public authorities to issue fair and correct invitations to tender pursuant to European and Member States' laws can be an effective instrument to prevent distortions of competition, at the same time allowing the state to define and monitor conditions with regard to quality, availability and environmental compatibility;
58. Takes the view that the abolition of state monopolies should not lead to the establishment of private monopolies;
59. Takes the view that with regard to the right to define general interest services, both the Member States and subsidiary levels must have sufficient rights of democratic participation and powers to ensure an optimum supply for the public even in competitive circumstances, in particular with regard to description of services, procedure for invitations to tender and control of service provision;

IV. With regard to particular sectoral cases

60. Calls on the Commission to ensure consistency between the principles set out in its communication and the provisions governing specific industries;
61. Stresses that the EU's internal market policy has basically led to better quality, lower prices and better availability at a high level of technology, as is demonstrably the case, for example, in telecommunications;
62. Regrets that the Commission and the Member States were incapable of anticipating and managing the award of UMTS licences as a service of general interest;
63. Notes that the Commission has clearly set out in its proposed directive amending the directive on the internal market in electricity and gas that the Member States have complete legal freedom to determine important services in the general interest and that this includes, for example, protecting socially weaker customers from unjustifiable exclusion from provision, transparency of contract conditions for consumers, reasonably-priced and transparent settlement mechanisms, supply to remote areas at reasonable prices to promote social and territorial cohesion, regard for environmental protection and maintaining and developing infrastructure;

64. Calls for the Member States to be obliged to use the transparent award procedure laid down by the Commission for new provision capacities, when this need develops as a result of supply and demand with a view to guaranteeing security of supply;
65. Calls on the Commission to submit expert opinions and proposals with regard to waste management to ensure that waste is disposed of safely and recycled ecologically even without obligations for tendering and permits by establishing a market economy framework;
66. Calls on the Member States, pursuant to the Commission proposals, in future to issue Europe-wide invitations to tender for regional and local transport services over a certain size which is determined by the Commission; points out, however, that owing to the predominantly small and medium-sized structure of these enterprises, a clear distinction must be made between rail and bus services;
67. Calls on the Member States to consider, in conjunction with the regional authorities, to what extent the water supply and waste-water disposal market can be more widely opened up to private enterprise;
68. Takes the view that benchmarking, economic-efficiency testing, cooperation and efficiently structured undertakings should also be sought in water management, and that a good many specific measures providing limited openings to the market short of full liberalisation will impact favourably on security of supply, price structures and the protection of ground water and the environment;
69. Takes the view that despite the special circumstances, water supply and waste-water disposal should increasingly be operated on the basis of economic criteria, and calls on the Member States to open up these public services to private providers; calls, in that connection, for an inventory to be taken at European level;
70. Stresses the need for public banks which contribute to the provision of services of general interest by making accounts available to all, providing a comprehensive range of financial services to the community, facilitating loans for small businesses and promoting a wide range of other public-spirited activities;
71. Takes the view that the transparency directive must be implemented in the area of public banks as well, so that the public obligation and actual costs of carrying out this public obligation can be more clearly delimited, assessed from the point of view of competition and if necessary financially compensated;

72. Takes the view that the Commission communication on services of general interest in Europe does not give sufficient recognition to the significance of independent welfare associations and independent agencies which offer a range of services in some Member States on the basis of solidarity, ethics, religion, charity or cultural diversity;
73. Therefore stresses the need to grant a block exemption for social and cultural facilities which are important for the community to allow citizens in future to take advantage of such facilities under special conditions and at competitive prices, and thus it must be permissible also for public funding to be provided openly and transparently for that purpose so long as competition is not massively distorted;
74. Calls for non-commercial activities, e.g. of a social, cultural or charitable nature, like sovereign activities in general to be exempted from control of subsidies and in principle from the application of EU competition law and for relevant guidelines to be developed;
75. Considers that a list of criteria should be drawn up with regard to the Commission's definitions of economic and non-economic activities, when decisions must be made in doubtful cases;
76. Takes the view that public broadcasting institutions under the public service obligations are not covered by the European Treaties' competition rules;
77. Considers that, in the context of services in the general interest, a specific approach should be taken to audiovisual services – irrespective of the type of audiovisual broadcast, whether public service television, private television, video streaming, etc. - and culture in order to achieve objectives such as the protection of fundamental rights and democratic principles, pluralism, access for all to culture and technological progress, the right of reply, cultural and linguistic diversity and the protection of users and of minors in particular;
78. Looks favourably on the conclusions of the Lille Colloquy of 19 and 20 July 2000 on the public service function of broadcasting, and calls on the Commission to cooperate with the Member States with a view to considering possible ways of applying the principles of Protocol 32 to the Treaty of Amsterdam to other convergent services from the Information Society;
79. Confirms that within a Community framework to regulate services of general interest and ensure their capacity to achieve their objectives, the Member States have a duty, in accordance with that Protocol, to define the tasks of public service broadcasting organisations and to specify their financial structure;
80. Calls on the Commission, the Council and the Member States to create legal certainty for public service broadcasting and the cultural industries in the implementation of the right of competition;
81. Calls on the Commission, the Council and the Member States to coordinate their efforts to guarantee users and operators of audiovisual services and the media, by

means of a clear and predictable regulatory framework, fair and non-discriminatory access to infrastructures and contents;

82. Affirms the need, in connection with media markets and audiovisual content, for an objective definition of a dominant position which takes account of the rapid development of these markets and of the accompanying dangers of denying access;
83. Stresses the need to maintain services of general interest, even where providers are operating in a liberalised market on the basis of general authorisations rather than individual licences alone;
84. Considers that the assessment of general interest in the field of audiovisual and cultural content should be subject, at European level, to a high-level, thorough and regular political debate.
85. Stresses that opening the markets in former state monopoly areas, which is favoured by all the EU institutions including the Commission, the Council and Parliament, should in principle satisfy the model of fair and socially-responsible competition which serves the interests of citizens and takes account of their changing needs;
86. Is convinced that the model of the social market economy is the European model of the future and the most likely to prove itself strong and sustainable in international competition;
87. Takes the view that an amendment of Article 16 of the Treaty is not necessary to achieve greater legal certainty and clarity in the area of general interest service provision and in this connection endorses the conclusion of the Nice summit that the area of general interest services should not be closely defined; stresses that in such a dynamic area as general interest services, over-regulation would result in robbing operators of opportunities and development possibilities which would primarily benefit citizens and taxpayers;
88. Instructs its President to forward this resolution to the Council, the Commission, the Economic and Social Committee and the parliaments of the Member States.

17 September 2001

OPINION OF THE COMMITTEE ON CULTURE, YOUTH, EDUCATION, THE MEDIA AND SPORT

for the Committee on Economic and Monetary Affairs

on the Communication from the Commission - Services of general interest in Europe (COM(2000) 580 - C5-0399/2001 - 2001/2157 COS))

Draftsman: Doris Pack

PROCEDURE

The Committee on Culture, Youth, Education, the Media and Sport appointed Doris Pack draftsman at its meeting of 6 February 2001.

It considered the draft opinion at its meetings of 11 April, 25 April and 17 September 2001.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Giuseppe Gargani, chairman; Doris Pack, draftsman; Pedro Aparicio Sánchez, Thierry de La Perriere, Geneviève Fraisse, Ruth Hieronymi, Barbara O'Toole, Kathleen Van Brempt, Marieke Sanders-ten Holte, The Earl of Stockton (for Theresa Zabell), Sabine Zissener, Myrsini Zorba (for Phillip Whitehead).

SHORT JUSTIFICATION

The concept of a service of general interest is closely linked to audiovisual and information policy, particularly bearing in mind the 'dominant position' and pluralism principles, the aspects of competitiveness and of competition between public services and private enterprise, etc.

The Committee on Culture, Youth, Education, the Media and Sport recently made a statement on these matters and will later be considering them, both in the context of the possible review of the 'TV without frontiers' directive and in connection with the forthcoming communication announced by the Commission on the EU's information policy.

More particularly, the Communication on Principles and guidelines for the Community's audiovisual policy in the digital age (COM(1999)657) was at the centre of a debate at European level to which the Committee on Culture, Youth, Education, the Media and Sport contributed in the Veltroni report (PE 286.681). The French Presidency has in the mean time

launched a colloquy on European public TV services (Lille colloquy, 19-20 July 2000).

The European Parliament has pointed out, in connection with the amendment of Directive 80/723/EEC, that in accordance with the Amsterdam Protocol on the system of public broadcasting, it is for each Member State to specify the financial and organisational structure of public service broadcasting organisations and their different activities. (Randzio-Plath report, Minutes of 18 May 2000).

At the same time, the Committee on Culture, Youth, Education, the Media and Sport has contributed actively to the legislative stage of the 'telecoms package', including aspects relating to the use of the radio spectrum and the universal service (the 'must carry' principle).

The communication at issue here seeks to strengthen and correctly apply these principles, which have been supported on many occasions by our committee.

CONCLUSIONS

The Committee on Culture, Youth, Education, the Media and Sport calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Considers that, in the context of services in the general interest, a specific approach should be taken to audiovisual services – irrespective of the type of audiovisual broadcast, whether public service television, private television, video streaming, etc. - and culture in order to achieve objectives such as the protection of fundamental rights and democratic principles, pluralism, access for all to culture and technological progress, the right of reply, cultural and linguistic diversity and the protection of users and of minors in particular;
2. Looks favourably on the conclusions of the Lille Colloquy of 19 and 20 July 2000 on the public service function of broadcasting, and calls on the Commission to cooperate with the Member States with a view to considering possible ways of applying the principles of Protocol 32 to the Treaty of Amsterdam to other convergent services from the Information Society;
3. Confirms that within a Community framework to regulate services of general interest and ensure their capacity to achieve their objectives, the Member States have a duty, in accordance with that Protocol, to define the tasks of public service broadcasting organisations and to specify their financial structure;
4. Calls on the Commission, the Council and the Member States to create legal certainty for public service broadcasting and the cultural industries in the implementation of the right of competition;
5. Calls on the Commission, the Council and the Member States to coordinate their efforts to guarantee users and operators of audiovisual services and the media, by

means of a clear and predictable regulatory framework, fair and non-discriminatory access to infrastructures and contents;

6. Affirms the need, in connection with media markets and audiovisual content, for an objective definition of a dominant position which takes account of the rapid development of these markets and of the accompanying dangers of denying access;
7. Stresses the need to maintain services of general interest, even where providers are operating in a liberalised market on the basis of general authorisations rather than individual licences alone;
8. Considers that the assessment of general interest in the field of audiovisual and cultural content should be subject, at European level, to a high-level, thorough and regular political debate.

14 June 2001

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the Commission communication on services of general interest in Europe
(COM (2000) 580 – C5-0399/2001 – 2001/2157 (COS))

Draftsman: H el ene Flautre

PROCEDURE

The Committee on Employment and Social Affairs appointed H el ene Flautre draftsman at its meeting of 12 October 2000.

It considered the draft opinion at its meetings of 27 February 2001 and 29 May 2001.

At the latter meeting it adopted the following conclusions by 22 votes to 9.

The following took part in the vote/The following were present for the vote: Michel Rocard, chairman; Winfried Menrad, vice-chairman; H el ene Flautre, draftsman; Sylviane H. Ainaridi, Jan Andersson, Elspeth Attwooll, Mar a Antonia Avil es Perea, Luigi Cocilovo, Theodorus J.J. Bouwman (for Ian Stewart Hudghton), Ieke van den Burg, Elisa Maria Dami o, Proinsias De Rossa, Den Dover (for Regina Bastos), Jillian Evans, Ilda Figueiredo, Fiorella Ghilardotti, Koldo Gorostiaga Atxalandabaso, Stephen Hughes, Anne Elisabet Jensen, Karin J ons, Ioannis Koukiadis, Jean Lambert, Elizabeth Lynne, Thomas Mann, Claude Moraes, Ria G.H.C. Oomen-Ruijten (for Philip Bushill-Matthews), Manuel P erez  lvarez, Bartho Pronk, Gerhard Schmid, Gabriele Stauner (for Carlo Fatuzzo) and Sabine Zissener (for Anne-Karin Glase).

SHORT JUSTIFICATION

The Commission communication (2000) 580 is a response to the request from the Lisbon European Council that the Commission should update its 1996 communication.

In its final declaration - a Citizens' Europe - the Nice European Council reaffirmed the role of services of general interest and instructed the Commission to report to the European Council by the end of 2001. Discussion of this communication has to be seen against the backdrop of:

- the contentious outcome of the liberalisations carried out over the past ten years,
- strong demand for high-quality public services,
- the objective of bringing Europe closer to its citizens.

I) Liberalisation = benefits for all?

One of the shortcomings of the Commission document is the absence of any objective and convincing assessment. An analysis of the following criticisms demonstrates the need for all a thorough evaluation.

Telecoms: a minimalist definition does not include mobile telephony and Internet access in the universal service obligations; complaints from elected representatives in rural areas are on the increase. The system of compensation funds designed to finance the universal service is not operating satisfactorily and is the subject of constant complaints.

Air transport: the proliferation of airlines and small planes operating on major inter-city routes in Europe is causing congestion at airports and an increase in environmental pollution. This reduction in the quality of service cannot currently be remedied by public service obligations as the latter relate only to secondary routes.

Railways: the approach of privatisation accompanied by a proliferation of operators is demonstrating its limitations: lack of the investment required to modernise rail networks is the root cause of falling standards of service and safety.

Tariffs: in a number of sectors consumers are finding that the tariff reductions brought about by increased competition are primarily benefiting the large commercial users. Consumers are afraid of further price rises following concentrations and the formation of private monopolies.

The power cuts that have occurred over the past few weeks in California have made the general public aware that private operators do not have sufficient capacity to make the long-term investment that is vital for networks of this kind.

Regional planning: undertakings with general interest missions are finding themselves forced into race to achieve profitability with the result that:

- the restructuring of utilities is leading to a concentration of technologies and resources in the capitals and regional cities;
- the priority given to selling added value services is having an adverse effect on services for the general public.

These trends have an impact on local employment and are at odds with the aspirations of many workers and consumers to a certain quality of life that they associate with living and working in their local area.

Impact on employment

Public services play a key role in European employment policy in that they serve all areas and

inhabitants, the services involve relationships with customers and the operators of large networks have an integrated structure.

The energy and postal sectors show that, where liberalisation is the most advanced, the job losses among traditional operators outnumber the jobs created by new entrants.

(According to the ESC, 250 000 jobs have been lost in the electricity sector.)

Studies highlight the correlation between an increase in the number of operators and a fall in the quality of employment. Parcel service operators have recently been found by the courts to have placed their staff on a bogus salaried basis by effectively treated them as sub-contractors responsible for the full burden of social security contributions. The imposition of flexibility, without negotiations and the relegation of social dialogue to a matter of secondary importance are contributing to lack of job security and poverty among wage earners and are jeopardising the financial equilibrium of social protection schemes.

II) New requirements, new aspirations

Hospitals, schools, public transport, postal services, savings banks, gas, electricity and the telephone have long been regarded by the inhabitants of the Member States as public services to which everyone had access or which were provided to all, irrespective of where they lived or their standard of living.

In addition to these traditional requirements, there are now new aspirations with regard to food safety, the safety and quality of public transport and preservation of the environment.

Market forces do not automatically satisfy citizens' requirements, far from it. It is too early to conclude, as the Commission points out, that needs such as housing or foodstuffs can be met by the market, when everyone is aware of the scale of the problem of the homeless or that access to high-quality water at a reasonable price, or to safe food, is not guaranteed.

Although liberalisation is now being questioned, the existence of integrated operators responsible for general interest missions does not, in itself, ensure that users have access to high-quality services or that their expectations are actually taken into account.

The introduction of common methods and procedures for assessing and regulating services of general interest, with broad public involvement at all levels, is crucial.

The Commission will therefore have to clarify its universal service concept as one that is evolving on the basis of user needs, rather than one that is minimalist or temporary to cushion the impact of liberalisation.

III) Public services, the issues at stake for Europe and its citizens

The future of European society is inextricably linked with the development of a flourishing democracy. It cannot be embodied by institutions whose sole mission is to enforce competition law.

The joint definition of the major missions of services of general interest and of European law on services of general interest is necessary to give public authorities at the appropriate level real freedom to maintain or create such services.

Responsibility for defining, in an ongoing process, the fundamental rights and public services required for the general good is a matter for government. Its legitimacy will be derived from large-scale public involvement.

Developing trans-European networks (railways, energy, etc), recognising the role of services

of general interest in the sustainable development of the Union in a spirit of solidarity, and systematic evaluations of public services by the European Parliament are just some of the initiatives that might bring the European institutions closer to the citizen.

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Considers that Article 16 of the Treaty, by recognising services of general interest as common European values, contributing to the European social model and sustainable development, establishes a positive principle and calls on the Commission, in cooperation with the Member States, to propose amendments to the Treaty which define the notion of general interest to supplement Article 16, guarantee the role of public authorities at the appropriate level and achieve legal certainty with regard to State aid;
2. Draws attention to the need expressed by the citizens of the Member States (summarised in the opinion of the EU Consumer Committee - November 1999), for a better price/quality ratio in services of general interest, accessibility to services, irrespective of where people live, their state of health or income and basic protection for users through a high level of safety and full transparency;
3. Considers that services of general interest - and services of general economic interest - play a vital role in ensuring that all citizens are effectively able to exercise the fundamental rights laid down in the EU Charter of fundamental rights, the European Social Charter and the Community programme for combating exclusion;
4. Endorses the Commission's view that the decision to establish or maintain a service of general interest is a fundamental responsibility of public authorities at local, regional, national and Community level, pursuant to Article 16 of the EC Treaty, and calls on it not to enact or maintain legislative or regulatory instruments which run counter to this view (concessions, State aids). Asks that the Commission emphasises to the Member States that cost must not be the over-riding criterion when considering tenders for a service of general interest. Services of general interest should not be limited to 'minimum standards of universal services'. They work best when enabled to meet additional consumer needs through the same social economy structures. Calls on the Commission to ensure that the directives on public procurement comply with the general principles and social objectives of services of general interest. Considers in this connection that social clauses should be included in public invitations to tender;
5. Shares the Commission's view that government bodies may impose specific general service obligations on certain service providers and give them the necessary special or exclusive rights and/or put in place funding arrangements for the provision of such services; also believes that these government bodies may require other service providers in the sector to make a contribution towards the costs involved, on grounds of solidarity, or may enforce other sectoral solidarity mechanisms;
6. Endorses the Commission's view that activities of a non-economic nature such as education and social security and activities that are a matter for government, such as air traffic control authorities or bodies responsible for preventing pollution at sea must remain excluded from the application of the competition and internal market rules;

also wishes to see health, certain cultural activities and support for sectoral vocational training initiatives exempted from the rules;

7. Points out that local and regional public services, including those provided by non-profit-making bodies, play a vital role in meeting the needs of the victims of social exclusion. Considers that such services must also be excluded from application of the competition and internal market rules. Calls on the Commission to take steps to end the lack of certainty which might ensue for the public authorities, particularly local authorities, from a definition of the missions of services of general interest determined solely by the courts, by fully recognising the co-operative and voluntary sectors of the economy in the treaties establishing the Union. Work needs to be done on the definitions in Annex II to ensure that economic actors that operate across Europe in the growing not-for-profit sector, which are neither state-owned nor commercially motivated, have legal clarity and are not adversely affected by the Treaties' competition articles;
8. Recognises that, in accordance with the Protocol on the system of public broadcasting in the Member States, it is necessary to maintain public service broadcasting as an instrument of democracy, pluralism of information and cultural diversity and calls on the Commission to strengthen the contribution made by such services to the objectives of social and territorial cohesion;
9. Notes that opening up to competition is not without an impact on the form of ownership - private or public - of services of general interest. Notes that the Commission's position is neutral in this respect and calls on it to uphold this principle;
10. Considers that total liberalisation cannot be a substitute for a valid approach to achieving the objectives of services of general interest and once again calls on the Commission to inform the debate and future public decisions by producing an assessment of the social, regional and environmental impacts of liberalisation;
11. Acknowledges that liberalisation may have negative as well as positive effects on the consumer and stresses that market opening in services of general interest must be accompanied by the safeguards required to maintain quality of service and environmental and safety standards, so as to cater for the specific needs and constraints of the European Union's peripheral and outermost regions specifically identified in Articles 158 and 299 of the Treaty;
12. With regard to social cohesion, calls on the Commission to draw up a report on the impact of liberalisation policies on employment, working conditions, workers' rights and the health and safety of workers and to comply with the need to promote a high level of quality employment in all decisions affecting services of general interest, as provided for in Article 127 of the Treaty. Particularly in the field of health and safety at work, the Commission should concern itself with the implications and repercussions of the externalisation which is occurring in work relations (temporary working, subcontracting, transfer of workers, etc.);
13. Calls on the operators providing services of general interest to make the data relating to their social impact accessible for the purposes of verifying that they satisfy the obligations undertaken and comply with the guidelines adopted for the relevant sector, in particular through the publication of an annual social report. Calls for the establishment by the Commission of an Observatory function to be provided by an existing EU agency;

14. Calls on the Commission to support the role of the various services of general interest in local development and small-scale trade, in particular by means of enterprise creation, especially small and medium-sized enterprises which are the main sources of new jobs;
15. With regard to regional cohesion, regrets that the Commission communication does not present an analysis of the territorial and environmental impact of trends affecting services of general interest; it would be useful to examine the results achieved in the Member States and to compare regulatory systems in order to establish a Community legislative framework setting precise parameters to increase the level of efficiency and accessibility of services and to monitor whether they are developing satisfactorily, particularly when they concern scarce resources and the environmental risks engendered by the increase in heavy infrastructure;
16. Calls on the Commission to support the incorporation of a Charter of services of general interest, such as the CEEP/ESC Charter, as a protocol to the Treaty, taking account of the fact that these services are a means of realising a large number of fundamental rights, ensuring sustainable development, combating exclusion and creating new jobs;
17. Calls on the Commission to set out, in a White Paper, the conditions on which, for social, environmental or regional reasons, a public authority may establish that a particular activity is excluded from application of the competition and internal market rules;
18. Proposes that the European Union should demonstrate its determination to establish its political and social credentials by allocating responsibility for services of general interest to a European Commissioner and a directorate-general;
19. Calls on the Commission to define a European framework for the operation of services of general interest and to propose, bearing in mind that this matter falls within the jurisdiction of the Community, a framework directive, the purpose of which would be to provide legal certainty ensuring the provision of services of general interest to citizens under Article 16 of the Treaty, and whose aims would lie in:
 - (a) establishing Community principles as a basis for the existence of services of general interest, at the appropriate level of subsidiarity, in the following areas: equal opportunities and combating discrimination, quality of service, combating exclusion and poverty, contributing to regional cohesion and the sustainable development of the regions,
 - (b) defining and establishing Community principles for democratic and transparent regulation based on ad hoc bodies, at the appropriate level,
 - (c) ensuring the active participation of citizens and users in the process of defining, evaluating and developing missions,
 - (d) placing a common pluralist method of assessment on an institutional footing,
 - (e) guaranteeing workers' rights and compliance with the labour law in force in each of the sectors;
20. Calls on the Commission to propose sectoral directives, complying with these principles, for defining and revising services of general interest;
21. Calls on the Commission, within the framework of the WTO built-in agenda

negotiations, to take full account of the recommendations on services adopted by Parliament in paragraphs 24, 25, 26 and 29 of its resolution of 13 March 2001, concerning the request for an impact assessment of the effects of liberalisation, the exclusion from the negotiations of the organisation of public services in areas such as education, health, culture, local public transport and transport monitoring and safety, and the need to make the liberalisation of trade in services conditional on compatibility with the concept of sustainable development for all members of WTO and to make appropriate allowance for developing countries' requirements.

13 September 2001

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Economic and Monetary Affairs

on the Commission communication on services of general interest in Europe
(COM(2000) 580 – C5-0399/2001 – 2001/2157 (COS))

Draftsman: Philippe A. R. Herzog

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Philippe A. R. Herzog draftsman at its meeting of 13 February 2001.

It considered the draft opinion at its meetings of 27 March 2001, 23 April 2001 and 11 September 2001.

At the last meeting it adopted the following conclusions unopposed with 1 abstention.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Nuala Ahern, vice-chairman; Peter Michael Mombaur, vice-chairman; Philippe A.R. Herzog, draftsman; Konstantinos Alyssandrakis, Ward Beysen (for Elly Plooij-van Gorsel), Guido Bodrato, Yves Butel, Gérard Caudron, Giles Bryan Chichester, Willy C.E.H. De Clercq, Den Dover (for Christos Folias, pursuant to Rule 153(2)), Olivier Duhamel (for Massimo Carraro, pursuant to Rule 153(2)), Concepció Ferrer, Francesco Fiori (for Umberto Scapagnini), Colette Flesch, Glyn Ford, Jacqueline Foster (for Werner Langen), Neena Gill (for Imelda Mary Read), Marie-Hélène Gillig (for Erika Mann, pursuant to Rule 153(2)), Norbert Glante, Michel Hansenne, Malcolm Harbour (for Angelika Niebler), Roger Helmer, Hans Karlsson, Rolf Linkohr, Caroline Lucas, Nelly Maes, Giuseppe Nisticò (for Renato Brunetta), Reino Paasilinna, Béatrice Patrie (for François Zimeray, pursuant to Rule 153(2)), Yves Piétrasanta, Samuli Pohjamo (for Astrid Thors), John Purvis, Mechtild Rothe, Christian Foldberg Roving, Gilles Savary (for Harlem Désir), Konrad K. Schwaiger, Esko Olavi Seppänen, Claude Turmes (for Ilka Schröder), Jaime Valdivielso de Cué, W.G. van Velzen, Alejo Vidal-Quadras Roca, Dominique Vlasto, Anders Wijkman, Myrsini Zorba and Olga Zrihen Zaari.

SHORT JUSTIFICATION

When the Commission says that enforcement of the competition and internal market rules is 'fully' compatible with ensuring the provision of services of general interest, it cannot be serious. This is an objective to be achieved and the whole problem is how to do it.

Cross-border trade has expanded, operators of European networks have started to emerge and competition is extending into local markets. There are benefits for consumers (price, variety) but also negative repercussions (security, the environment, cohesion) and, in some sectors, completion of the internal market is being obstructed by the lack of pan-European public goods (interoperability, common infrastructure and services).

There is a heated debate on this issue and three options have been presented:

1. Pursuing the objective of effective pan-European competition without altering the legal framework and underlying principles - except to improve transparency. This approach would entail substantial risks and potentially give rise to major disputes.
2. Giving up regional authorities and States greater certainty and strengthening the principle of freedom by establishing a list of sectors in which the notion of services of general interest would apply (EP resolution of 17 December 1997).

This poses problems in that drawing up a list is likely to result in a lack of flexibility. As competition increases, the list might not be adequate to tackle the problem.

3. Establishing a European platform for services of general interest based on the principle of co-responsibility.

This would involve giving the Union competence based on the objectives of sustainable development and cohesion. This is a realistic scenario - the need for public regulation at European level is already evident in the air and rail transport sectors, postal services and energy, particularly with a view to enlargement.

Your draftsman proposes responding positively to the demand from local authorities and States for greater certainty and going along with the third option. The aim is to combine effective competition and effective public goods at all levels.

A reform process

In the immediate future what is needed is more transparent and more democratic regulation based on directives.

The option of competences shared between the Member States and the European Union will have to be included in the reform of the treaties in 2004.

Two possibilities might be envisaged. Inserting a chapter on services of general interest, as was done at Amsterdam for employment. And/or amending Articles 16 and 86 in order to set out the European Union's obligations with respect to services of general interest.

Clarifying the missions

- (a) The freedom of choice of local authorities and States should be reinforced:
- an exception to the competition rules (in particular Article 86) must be counterbalanced by the obligation to provide services of general interest (which could derive from Article 16), as suggested by the Economic and Social Committee (opinion of 21 October 1999);
 - freedom entails a guarantee of continuity and choice as to the method of management, which may be changed;
 - individual authorities may wish to choose between a non-market-based or market-based formula for a particular service of general interest.
- (b) Establishing common missions for services of general interest at European level satisfies three priority objectives:
- interoperability and the creation of European networks, in particular for electricity, gas and rail transport, require not only competition but also the definition of universal rights of access (universal service) and regulations on general interest (environment, safety, etc.);
 - social and territorial cohesion also require the establishment of missions based on inter-territorial and intergenerational solidarity (to tackle issues such as water, waste, public health, etc.);
 - raising the level of knowledge and training in Europe.

Clarifying the means

- (a) Funding is a serious problem.
- Derogations must be clarified: public subsidies and reserved areas are required to ensure that the principle of freedom can be exercised effectively; it must be possible to share infrastructure, and compensation systems must be established on the basis of the obligations imposed on services of general interest.
 - Obligations must be clarified: in terms of universal service missions, questions of solidarity (for example in frontier areas), optimisation of networks.
 - The co-responsibility of the various public and private entities must be clarified in terms of both derogations and obligations.
 - The methods for calculating the costs of national missions and funding requirements to meet European objectives in terms of solidarity are crucial issues.

We suggest that a framework directive should be drawn up to cover financing, to be reviewed after a trial period, and that directives for specific sectors should be drafted where necessary.

- (b) The principle of 'neutrality' is somewhat misleading: the current market philosophy and competition rules encourage privatisation. The European Union should therefore adopt a principle of diversity. It should create a statute for associations in the voluntary sector and encourage their participation in the management of services of general interest.
- (c) Special provisions will be required when applying the competition rules to the countries of Central and Eastern Europe.
- (d) The reform of competition policy will have to incorporate a principle of co-responsibility for national and European regulators of services of general interest. In the case of grids, the ultimate aim must be to create European public authorities. In the immediate future, forums of regulators should be set up, involving the social partners and representatives of civil society, and working on the basis of public Community benchmarks.

Pluralist evaluation and monitoring

In its 1997 resolution Parliament attached great importance to democratic scrutiny of the Commission's activities and called on it to consult organisations representing civil society on a regular basis. This has remained a dead letter.

- (a) Plurality of evaluation is essential. Nowadays the Commission regulates, judges and assesses itself.

It is necessary to enlist the help of existing monitoring bodies such as the ESC, CoR, ECPE, sectoral consultative dialogue committees, associations involved in transnational initiatives relating to services of general interest, consumers' associations.

- (b) Evaluation and consumer protection are based on participatory rights and exercise of scrutiny presupposes the right of access to justice.

Methodology

Various avenues could be taken:

- the debate and evaluation with civil society and elected representatives should be organised at the initiative of the European Parliament and its effective power of scrutiny should be strengthened;
- drafting of a package of framework directives on missions, funding, regulation,

evaluation and monitoring;

- coordination of structural policies, provided that the Cardiff process, which is based solely on liberalisation, is revised and opened up to organised civil society.

All this will create a favourable climate for the reform of the treaty framework in 2004.

Consistency between internal and external measures

The Treaty of Nice revised Article 133 with a view to ensuring consistency between the commercial policy and the social and regulatory model of the Union. Trade policy and policy on external relations must incorporate the obligations relating to services of general interest.

CONCLUSIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Points out that the Lisbon European Council set the objective of developing the European Union into the world's most vigorous economic zone; notes that this requires rewards for innovative forces and the inventiveness of market and SGI network actors;
2. Supports the Nice European Council's aim of ensuring greater predictability and increased certainty for both competition and fulfilment of the missions of services of general interest, with a view to enhancing the viability of services of general interest;
3. Takes the view that progressive liberalisation of services sectors in the European Union must go hand in hand with maintenance of universal service, in particular through the definition of universal service obligations;

4. Notes that, in general, this is taken to mean services which are important to people's lives, thus including transport, postal, telecommunications, hospital, social, sewage and waste disposal, and water and energy supply (above all electricity supply) services;
5. Stresses that services of general economic interest differ from country to country and from industry to industry, in line with Member States' differing habits, and are also subject to technological change and supply changes and that the Member States therefore have it in their power to keep to their cultural habits and political views;
6. Stresses that the Member States are free to lay down the tasks to be met by, and the management arrangements for, public services, i.e. to impose service obligations on service providers; stresses that, with services of general interest, what matters is that they are provided, not who provides them, since, in the consumer's interest, it is the service which must be secured, not the provider;
7. Notes that, for public utility, services of general interest are most likely to be maintained if they are publicly and clearly defined and the possibility of choosing between different management arrangements is provided;
8. Hopes that, in the proposals for a directive amending the Directives on the internal market in electricity and natural gas, Parliament and the Council will make it clear that the Member States are entirely free in law to determine important services in the general interest, e.g. protection of vulnerable customers against unwarranted exclusion from supply arrangements, transparency of contractual conditions for the consumer, inexpensive and transparent dispute settlement mechanisms, supplying to outlying areas at appropriate prices and thus commensurate with social and economic cohesion, environmental protection and infrastructure upkeep and expansion; calls for the Member States to be obliged to make provision for a tendering procedure for new infrastructure capacity and/or demand side programmes if, after observing supply and demand, this proves necessary and the capacity created through licensing procedures provides no guarantee of security of supply;
9. Notes that, to the extent that Member State public authorities impose service obligations on competitors, they are intervening in competition between service providers; notes that, to the extent that public authorities provide compensation for obligations imposed, this does not involve privileges, but, rather, simply re-establishes the conditions for fair competition, provided that payments do not go beyond offsetting the burdens concerned;
10. Notes that the European Union is entitled to control abusive practices only to determine whether there is a serious breach of fair competition, which is guaranteed to Union citizens, throughout EU territory with a cross-border impact at the same time;
11. Stresses that, in line with the Copenhagen criteria, acceding States must develop the ability to withstand general competitive pressure from the market and be assisted in modernising and expanding public infrastructure;
12. Notes that, after an initial phase of implementing the internal market by opening up

national networks to competition, a phase which has not yet been completed, we are now entering a second phase;

13. Points out that the freedom of choice of the public authorities extends to the missions, the guarantee of the basic criteria for services of general interest, methods of management and the ability to reverse any decisions taken;
14. Points out that respect for the choice of and criteria applying to services of general interest requires more democratic governance: legislation adopted under the codecision procedure, applied by the Commission subject to scrutiny by the European Parliament;
15. Calls for the drafting of a framework directive and sectoral directives on the financing of services of general economic interest in order to maintain greater economic certainty and real freedom for the public authorities at all levels; that framework directive must guarantee compliance with public obligations concerning service quality plus equal access for all users by maintaining, if necessary, reserved areas allowing price offsetting on a geographical basis and on social grounds;
16. Considers that the co-responsibility of private and public operators for services of general interest will also have to be clarified within the framework of work on the social responsibility of businesses, which is on the European social agenda agreed at Nice;
17. Considers it vital to devise pluralist assessment procedures involving all parties; suggests that the European Parliament should organise the debate within the various existing forums (Economic and Social Committee, Committee of the Regions, consultative bodies, associations involved in services of general interest initiatives and consumer associations), calls for this process to result in consultation before any decisions, and calls for the creation of a European centre for the monitoring of services of general interest;
18. Approves the option chosen by the Commission, which regards the Cardiff process as a framework for regular evaluation of the functioning of services of general economic interest within the single market;
19. Calls for the identification, on a joint basis, of common indicators for general interest missions with a view to satisfying consumers and users (price, quality, safety), social and territorial cohesion (degree of universality), cross-disciplinary missions (environment), and the establishment of common methods of calculating costs and funding requirements;
20. Calls on the Commission to present a report evaluating the current situation and requirements in terms of services of general interest in the candidate countries.