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REPORT

on the development of the services sector for job creation
(2003/2132(INI))

Committee on Employment and Social Affairs

Rapporteur: Rodi Kratsa-Tsagaropoulou

PR_INI

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PROCEDURAL PAGE

At the sitting of 4 September 2003 the President of Parliament announced that the Committee on Employment and Social Affairs had been authorised to draw up an own-initiative report under Rule 163 on the development of the services sector for job creation, and the Committee on Legal Affairs and the Internal Market and the Committee on Women's Rights and Equal Opportunities had been asked for their opinions.

The Committee on Employment and Social Affairs had appointed Rodi Kratsa-Tsagaropoulou rapporteur at its meeting of 11 June 2003.

The committee considered the draft report at its meetings of 3–4 November and 26–27 November 2003.

At the latter meeting it adopted the motion for a resolution by 33 votes to 0, with 3 abstentions.

The following were present for the vote: Theodorus J.J. Bouwman (chairman chairman), Marie-Hélène Gillig (vice-chairwoman), Marie-Thérèse Hermange (vice-chairwoman), Rodi Kratsa-Tsagaropoulou (rapporteur), Elspeth Attwooll, Regina Bastos, Johanna L.A. Boogerd-Quaak (for Anne André-Léonard), André Brie (for Arlette Laguiller), Hans Udo Bullmann (for Karin Jöns), Philip Bushill-Matthews, Chantal Cauquil (for Herman Schmid pursuant to Rule 153(2)), Alejandro Cercas, Harald Ettl, Carlo Fatuzzo, Ilda Figueiredo, Fiorella Ghilardotti (for Jan Andersson), Anne-Karin Glase, Robert Goebbels (for Proinsias De Rossa), Roger Helmer, Richard Howitt (for Elisa Maria Damião), Stephen Hughes, Anne Elisabet Jensen (for Marco Formentini), Jean Lambert, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Claude Moraes, Bartho Pronk, Lennart Sacrédeus, Elisabeth Schroedter (for Jillian Evans), Miet Smet, Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker, Barbara Weiler and Sabine Zissener (for Manuel Pérez Álvarez).

The opinions of the Committee on Legal Affairs and the Internal Market and the Committee on Women's Rights and Equal Opportunities are attached.

The report was tabled on 15 December 2003.

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the development of the services sector for job creation 2003/2132(INI)

The European Parliament,

- having regard to the Presidency Conclusions of the Lisbon European Council of 23 and 24 March 2000,
- having regard to the Presidency Conclusions of the Santa Maria da Feira European Council of 19 and 20 June 2000,
- having regard to the Presidency Conclusions of the Nice European Council of 7 and 10 December 2000,
- having regard to the Presidency Conclusions of the Stockholm European Council of 23 and 24 March 2001,
- having regard to the Presidency Conclusions of the Brussels European Council of 20 and 21 March 2003,
- having regard to the Presidency Conclusions of the Thessaloniki European Council of 19 and 20 June 2003,
- having regard to the Commission Communication entitled 'An Internal Market Strategy for Services' (COM(2000) 888),
- having regard to the Commission Communication entitled 'Consumer policy strategy 2002-2006' (COM(2002) 208),
- having regard to the Commission Communication entitled 'the State of the Internal Market for Services' (COM(2002) 441),
- having regard to the Commission Communication entitled 'The future of the European Employment Strategy (EES), "A strategy for full employment and better jobs for all"' (COM(2003) 6),
- having regard to the Commission Communication entitled 'the implementation of the European Charter for Small Enterprises' (COM(2003) 21),
- having regard to the Commission Communication entitled 'Green Paper - Entrepreneurship in Europe' (COM(2003) 27),
- having regard to the Commission Communication entitled 'Green Paper on services of general interest' (COM(2003) 270),
- having regard to the Commission report 'XXXIInd Report on Competition Policy 2002' (SEC(2003) 467),

- having regard to the Commission Communication entitled 'Innovation in a knowledge-driven economy' (COM(2000) 567),
 - having regard to the Employment Guidelines for 2000, 2001 and 2002,
 - having regard to the Member States' National Action Plans for 2000, 2001 and 2002,
 - having regard to the opinion of the Economic and Social Committee on the 'Proposal for guidelines for Member States' employment policies 2000' (COM(1999) 441),
 - having regard to Rule 163 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Legal Affairs and the Internal Market and the Committee on Women's Rights and Equal Opportunities (A5-0479/2003),
- A. whereas the Nice and Stockholm European Councils emphasised the fact that the field of services of general economic interest ought not to remain undeveloped, but should respond to rapid changes in the economic, knowledge and technological environment,
 - B. stressing the fact that the Brussels European Council (March 2003) recognised the importance of innovation in developing new products, services and ways of doing business,
 - C. whereas the Thessaloniki European Council called for greater competitiveness and dynamism through investment in human and physical capital and through improving the economy-wide application of technology and exploitation of research,
 - D. pointing out that in the guidelines for Member States' employment policies for the year 2000, it was clearly stressed that the Member States ought to develop framework conditions to fully exploit the employment potential of the services sector and industry-related services,
 - E. noting that according to the Green Paper on entrepreneurship in Europe, the support and promotion of entrepreneurship plays a key role in the development and provision of services, particularly in the education, health and social insurance sectors,
 - F. pointing out that the Commission report on competition policy for 2002 stresses that the liberal professions sector (the majority of which are connected with the provision of services) is characterised by a certain level of regulation, either imposed by national governments or self-regulation by the professional bodies,
 - G. considering that job creation in the services sector presupposes the adjustment of the internal market to the fundamental principles of supply and demand for services, harmonisation with competition policy and further strengthening the internal market, and also requires new models of consumption to be taken into account, with an ever-increasing role for services,
 - H. noting that the Green Paper on services of general interest states that those services which are linked to the welfare state and social protection are a matter for national, regional and

local responsibilities, although the role of the Community in promoting cooperation and coordination in these areas is recognised,

- I. noting that the Commission made a commitment, in connection with the application of the European Charter for Small Enterprises, to work in close cooperation with the Member States to help them improve the business environment for small businesses through a multiannual programme for enterprise and entrepreneurship, and that this fact has a direct impact on the services sector,
- J. whereas the services sector is currently twice the size of the manufacturing sector in terms of GDP - three times, if social and public services are included - approaching 70% of GNP, with 65% of the total of active workers,
- K. emphasising the fact that in the EU today there is considerable untapped potential for job creation in eco-efficient, social and public services, the social economy and third sector service development,
- L. emphasising the fact that the EU needs to find more intelligent solutions to labour organisation and productivity in the service sector; with the goal, on the one hand, of improving the relationship between technology and the organisation of labour, and, on the other hand, of improving skills, qualifications, wage structures and the utilisation of human resources so that new technologies become accessible for all employees,
- M. noting that in the new Member States services are exceptionally frail, with average employment figures which still fall short of the lowest in the EU Member States, given the fact that adapting this sector to the demands of globalisation requires exceptional care because of the special structural problems present in these countries,
- N. noting the differentiation in development rates in the services sectors, with a fantastic growth spurt by those based on the new technologies, communications and information, as well as services such as tourism, restaurants, health and beauty services etc., where a high degree of specialisation among workers can be found,
- O. noting the wide pay differentials between and within these sectors,
- P. stressing the fact that there is a geographical variation with regard to the development and provision of services, with the regions lagging markedly behind, a fact which is causing problems for the EU's regional and social convergence,
- Q. whereas the Commission recognises that a decade after the scheduled completion of the single internal market, there are still numerous and diverse barriers (chiefly of a legal nature) hindering the free movement of workers and the provision of services across borders throughout the Member States,
- R. taking into account the ever-increasing importance of professional mobility and fixed-term employment in the services sector and the fact that this sector represents a reservoir of a large work force for other sectors of the economy, to cover their temporary needs,
- S. considering that the availability of high-quality services for all manufacturing sectors should be stepped up, in view of the fact that currently these produce added value for the

secondary (processing) sector as well as the primary sector (agriculture) and represent the most important factor for improving the quality of life,

- T. stressing the fact that in consumer sector services we generally see small, labour-intensive enterprises with, traditionally, a greater representation of women in the labour force,
 - U. whereas 80 % of female employment is concentrated in the service sector, which is marked by horizontal segregation, inter alia, 90.4% of domestic service workers, 71.8% of health sector workers and 65.4% of education workers, are female workers; the areas of technologically-based occupations are also marked by gender segregation,
 - V. noting that the public services in general and especially those which provide care (for children, the elderly, individuals with special needs), which are currently under pressure from curbs on public expenditure, need to be restrengthened and renewed by means of new activities and types of service, also in the third sector, particularly within the context of the social economy,
 - W. pointing out that the growth of the service sector in the past decades has not compensated for the job losses in the industrial sector, as the service sector too has experienced a process of rationalisation; points out that the enforcement of a low-wage service sector implies low quality, low skills and low productivity, which undermine the capacity of the economy to generate innovation, sustainable wealth and social cohesion,
1. Calls on the Commission to publish a White Paper on the completion of an effective European services sector as rapidly as possible, in order to put forward in a more specific manner policies, presented individually for each service sector, designed to produce the appropriate conditions for job creation in all areas of the services sector (private business services, services of general interest, public services, social economy), especially for sectors of activity which meet the challenges of the future. The Commission should take into account the challenge which the services sector will face in the new EU Member States within the context of promoting sustainable development and social welfare;
 2. Calls on the Commission, together with the Member States, within the framework of the existing coordination method for employment, to promote in addition an open method of coordination for national policies on employment in the services sector, with the specific objective of exchanging information and best practice to determine the most advisable methods to ensure that the labour reserves and the economic potential at the disposal of the services sector can be put to full use throughout the enlarged Union, including the regions lagging behind;
 3. Notes that the principle of mutual recognition and freedom of establishment will be absolutely indispensable to a dynamic European service market and calls upon the Member States to accept this principle in their own economic reform programmes;
 4. Calls on the governments of the Member States, in cooperation with the social partners, to develop an effective and clear political framework for services and to ensure that suitable policies are implemented (legislation, information services, conditions for entering the labour market, etc.);

5. Calls on the Competitiveness Council to give the creation of an internal market for services a much higher priority, and to ensure that proposals such as the sales promotion regulation and the unfair commercial practices directive are given a high priority;
6. Recalls that within the framework of the European Employment Strategy, the National and Local Action Plans should be co-ordinated in order to exploit the high potential for job creation at local level, where innovative work practices and professions can be promoted, improving the quality of jobs, bearing in mind that local labour markets are more accessible to marginal groups of the labour force, inter alia, women;
7. Stresses that in order to develop the service sector, public authorities at both national and local level should assess the gender impact of their public policies by creating national and local partnerships with economic and social actors, including women's organisations;
8. Calls on the Commission to propose, and on the Member States to implement, as rapidly as possible, a directive on 'Services as part of the internal market' with the aim of tackling the serious barriers placed in the way of the movement of workers and the provision of services in the EU, which constitute a major impediment to the growth of small and medium-sized enterprises and deprive them of the ability to increase employment in the services sector;
9. Calls on the Commission to formulate policies and programmes to encourage the Member States to adopt and implement policies in the sector of education, qualifications, specialisation and professional guidance, training, identifying and addressing skills shortages, taking into account the links between the services sectors, particularly the sector of social economy and the other sectors of the economy, in order to prepare a suitable specialised work force in the services sector, which is continually developing in an environment of rapid technological, social and economic change;
10. Notes that a highly competitive communications sector is one of the very foundation stones of a pan-European service sector; calls upon Member States to implement the European Union electronic communications regulations without delay; registers its considerable concern that so many Member States have already fallen behind the transposition deadline for this crucial legislative package;
11. Considers that initiatives ought to be taken, especially with regard to the adjustment of funding from the structural funds, to facilitate research into the generation of new service products, the promotion of human resources training programmes in services, the reduction of the costs of disseminating and receiving information for the new services that are created, and the acceleration of the rate at which innovation is disseminated in the services sector, with the aim of increasing the proportion of new products on the market;
12. Calls for the Structural Funds and particularly the European Social Fund to be used to support the development of the services sector and believes also that following the Lisbon and Feira Summits the European Investment Bank which has given a commitment to focus on projects that support innovation in the European Union and has approved the following operational principles, human capital formation, research and development, information and communications technology networks and diffusion of innovation, should support the services sector and its employment creation potential;

13. Accepting the fact that employment in the services sector is very often complex (e.g. tourism is primarily developing in a sector which operates with staff of two types: permanent and seasonal, but also with restricted opportunities for investment in human resources), calls on the Member States to take positive measures with the aim of upgrading these professions in the services sector in order to offer quality jobs with reasonable pay and working conditions;
14. Calls on the Member States to limit the bureaucratic and time-consuming nature of the procedures for starting up and operating both domestic enterprises and those from other Member States (procedures for issuing licences, registration, taxation etc.), as the result of this is to discourage the growth of SMEs and the creation of new enterprises providing services;
15. Believes that policy on self-employment and the development of an entrepreneurial culture should be linked with the generation of new service products, since development in the services sector requires the ability to take the initiative and a risk-taking approach;
16. Thinks that the policy of extending supply and demand in the services sector in the single internal market ought to be linked to the guaranteeing of a high level of consumer protection, mainly through initiatives contributing to consumer security at the European level and by directing attention to the creation of systems to resolve disputes in an efficient, rapid and relatively low-cost way;
17. Stresses that quality jobs should be created, especially in new and competitive service sectors, in order to increase the share of the active female population and to reduce discrimination in the labour market, particularly concerning the gender pay gap and access to employment and promotion;
18. Stressing the major lack of innovation in the services sector, calls on the Commission to draw up programmes to encourage the Member States to adopt active policies for applying research, development and innovation to the services sector, given the fact that research and development are as a rule the industrial sector's 'prerogative';
19. Calls on the Member States to promote innovation in services sector areas where as a rule the state is the primary instigator of organisation and development, such as the fields of public education, health, transport etc.;
20. Calls for undeclared ('black') work to be converted to regular work within the service sector in order to improve the general business climate and taxpaying morality, and to create competition under equal conditions. The EU must step up its cooperation in combatting black work;
21. Draws the attention of the Member States to the fact that demographic developments in a majority of Member States are such that the work in the area of care for the elderly should be accorded higher status, not least among young people;
22. Calls on the Member States and the Commission to improve the quality and availability of the statistical data needed for comparative evaluation in jointly agreed-on sectors of vital importance for policy in the realm of services; the adoption of common indicators at the

European level will facilitate accurate monitoring and the drafting of policies for employment, productivity as well as greater promotion of the services sector;

23. Taking into account the contribution of new forms of employment to the services sector (part-time and temporary employment, teleworking, home-working, etc.), calls on the Member States to enhance the quality of these new forms of working, namely the part-time work, by ensuring that all workers are guaranteed the same, high level of protection and job security and by improving the working conditions for women;
24. Calling attention to the situation of women in the services sector, which is often characterised by precarious employment, a low-pay-structure, lack of education and training opportunities etc., and to their participation both in traditional activities (education, medical and elderly care, health, tourism, the restaurant sector) as well as in the new and constantly developing sectors (beauty, entertainment), calls on the Member States to implement equality policies to protect and promote the rights of women workers (retirement, social insurance, training, professional development, equal pay, work-life balance, etc.), in particular calls on the Member States to develop child and elderly care services, in order to actively support the conciliation of family and professional life;
25. Considers that businesses need to take steps, as a matter of urgency, to ensure that women are better represented in decision-making and managing both public and private undertakings; also considers that it is important to improve conditions for self-employed workers to encourage more women to choose this path;
26. Calls on the Member States to encourage the expansion and improvement in the quality of support and household-related services and to take measures to encourage an equal sharing of the domestic work between women and men, which will also contribute to raising the female employment rate; takes the view that, to that end, the Member States should recognise domestic work performed by third parties as a proper occupation; in particular calls on the Member States to increase the supply of services providing care for children and the elderly, in order to make it possible to reconcile family and professional life in practice, and underlines public responsibility in terms of controlling and guaranteeing the quality and affordability of such services;
27. Stresses the urgent importance for the Member States of increasing opportunities for disabled people and legal immigrants to have access to the labour market in the service sector and especially for possibilities for entrepreneurship and the spirit of new enterprise; such improvements are necessary in the light of future needs in the care sector, for example, in order to increase the participation and integration of these groups in the labour market and in the social community;
28. Calls on the Member States to consider the valuable contribution which a developed and dynamic cooperative service and business sector may make to service production;
29. Calls on the Commission to take steps to exchange and disseminate examples of good practice to the Member States on development models and options for enterprises in the services sector, and in collective sectoral agreements, in relation to the social rights of workers in services;

30. Considers that the service sector can make an important contribution to the goal of promoting active ageing and calls on the Member States to take this into account in implementing this aspect of the Employment Guidelines which were agreed by the Council in its decision of 22 July 2003;
31. Calls on the Commission to carry out a systematic inventory, for those services which fall within the category of network services of general interest, of the effects which their liberalisation has had to date with regard to employment growth and the extent to which the needs of society as a whole are being met, so that the strategy for the future of services of general interest can be formulated consistently;
32. Taking into account the role and contribution of services to the local economy and regional convergence, and in view of the role of the social economy in terms of inclusion and job creation, calls on the Member States to promote policies to support specific service sectors, taking account of the advantages (location, environment, infrastructure, culture) and the needs of local regions;
33. Instructs its President to forward this resolution to the Council and Commission and the Parliaments of the Member States.

EXPLANATORY STATEMENT

What is a service?

An activity which falls into the services sector is characterised as a rule by technical or intellectual training or skills in the person exercising it. In contrast with activities in the industrial sector, the services sector cannot be defined with reference to a tangible product produced for a customer.

Services include a very wide range of activities, such as transport, telecommunications, services of economic interest, trade, construction, insurance services, public services, 'professional' services for undertakings or private individuals (tourism, catering, entertainment, private education, information, IT) and non-commercial services (public education, health, social welfare services).

Why is it an important economic sector?

- (1.) Services are the most rapidly evolving and developing sector in the European economy.
- (2.) They act as a catalyst for the future and the competitiveness of the other sectors of the economy.
- (3.) They are the main field of employment of the actively working population, while there are enormous opportunities for further exploiting them in relation to the other sectors of the economy, along the lines of the American model.
- (4.) Within the framework of globalisation and competitiveness they are called upon to play a key role in boosting the European economy, regional convergence and combating unemployment.
- (5.) Services are called upon to play a key role within a completed single market.
- (6.) They are called upon to meet the challenges and in particular to combat the delays apparent in the economies of the new EU Member States.

Quantitative comparative data: EU-USA

In the European Union the services sector accounts for more jobs than industry and agriculture put together. Starting in the 1980s, it is this sector that has made a real contribution to employment growth in Europe, growth which has chiefly been observed in the social services, financial services and services for businesses, trade and distribution, and the hotel and restaurants sector. From 1985 to 1997 approximately two-thirds of growth in GNP in the EU was attributable to the services sector, while the greatest increase in the numbers of employees can also be seen in the services sector.

In the United States over the last decade, the services sector has been dominant in the economy and in production, since it accounts for as much as 80% of economic activity in the country. Services currently employ 80% of the total active population, while twenty years ago this figure was just under 70%. The strong global competitiveness of the US services sector has represented a fundamental advantage for its spectacular growth. Key sectors which have experienced huge growth are businesses, firms that supply staff, IT, data-processing firms, health, wholesale trade, construction, education, the restaurant sector, financial services and insurance firms. There was a significant decrease in the workforce in the large shops.

In the EU, in 2000, services accounted for 68.8% of total employment figures, while in 1991 this figure was close to 62.7%. The countries with low percentages are those with structural problems (unemployment, poverty and regional inequalities). In 2000, employment of men in services was close to 58.3% of the total workforce, and employment of women was 82.5%. Leading the Member States with regard to the numbers employed in the services sector are the Netherlands (76.6%), Luxembourg (74.6%), Belgium (74.3%), Denmark (73.5%), Sweden and the United Kingdom (73.2%) and France (72.1%). On the middle rung are Germany (68.1%), Finland (65.9%), Italy (65.5%), Ireland (63.9%) and Spain (63.5%). Bringing up the rear are Greece and Portugal (58.0%).

In the new Member States there is also a significant variation with Cyprus (70.5%), Hungary (59.8%), Latvia (58.7%), and Estonia (58.3%) leading. On the middle rung are Slovakia (55.8%), the Czech Republic (54.8%), Lithuania (54.2%), Slovenia (52.7%) and Poland (50.3%). Bulgaria and Romania have fairly low figures for employment in services, with 32.8% and 29% respectively.

Qualitative data - current features

The demand for social services is constantly increasing. Since public expenditure is under increasingly tight restrictions, in order for the social services to remain a source of job creation it is necessary for a new relationship to be established between the public and private sectors. This could make it possible to boost a move towards social economy bodies providing services to elderly people and people with special needs, pre-school education services or childcare services.

The market for services in Europe has been subject to distortions because of high costs over and above salary costs and excessive regulation. In general, activities in the services sector are labour-intensive and skill-intensive. Therefore, the double objective of adapting our labour markets effectively and ensuring that the labour cost structure does not constitute an obstacle for labour-intensive activities ought to be pursued with determination if we wish to make full use of the job creation opportunities which the services sector affords.

The mass media are the driving force in employment growth in the services sector. European policy in this sector ought to adopt an integrated approach in such a way as to increase its job creation capacity.

In relation to the first-generation and second-generation sectors, services today have the following characteristics:

- (1.) an increase in the demand for business services,
- (2.) an increase in consumer services with the emphasis on quality, service, culture, the environment and entertainment,
- (3.) a low rate of growth in certain services sectors and
- (4.) evolution and recovery of certain craft professions as services.

In general, services are characterised by low growth in productivity and a low level of innovation. Of course, there are exceptions: services such as transport, distribution and communications have in recent years experienced a significant increase in productivity, in contrast to the so-called 'social' services or liberal professional services, which are working with the specific objective of increasing productivity.

Technology and the information society

The spectacular spread of the use of information in technology may have a significant positive impact on employment growth. In general, technological change is making a positive contribution to the net job creation in services and the economy as a whole: see the growth in information activities, the growth in international trade services (whence the importance of improved access to the markets of non-member countries).

Europe's shift to a knowledge-based economy has been characterised by a strong growth rate and high levels of technological advance, which means that the traditional prism under which the services sector has been viewed needs to be adjusted.

Innovation and services

Unfortunately, insufficient attention has been paid to innovation in the services sector, despite the opportunities afforded by this sector for a significant growth in employment and production.

Services are composed of a rather disparate collection of sectors. There are important differences in outlook with regard to innovation, for example, between the ICT services (information and communications technologies) and the more traditional sectors, such as transport and trade. Being technologies which facilitate operations, the ICTs are much more important than any other contemporary technology throughout the range of the services sector and their development is a prerequisite for improving innovation capacity in the sector.

The services sectors (apart from the services connected with the ICTs) spend less per head than the manufacturing industries do on research and development. Human resources replace research and development as the most fundamental source of innovation. Education and training, in combination with the spread of new technologies, are consequently the key constituents of the policy for innovation in the services sector. Efforts should be made to eliminate shortcomings in capacity and to implement training plans in order to help workers with a low degree of specialisation.

Innovation is a competitive factor of crucial importance for undertakings in the services sector. More specifically, knowledge-intensive services (such as software development, professional training and consultancy) are dynamic sources of innovation for other sectors.

Difficulties in the formulating of policies

In the formulating and adopting of specific policies, both at Community and national levels, the following difficulties can be seen: (1.) diffusion and diversity of the services sector, (2.) absence of statistical data, or incomplete data, (3.) problems in the statistical measurement of certain fields in the services sector (intellectual services), (4.) restricted diffusion to other sectors of the economy.

Community action in the services sector

The EU policy in the services sector ought to play a significant role. Successful regulation of the services markets is genuinely important for protecting consumer interests, ensuring quality and guaranteeing fair competition. However, the very inflexible regulatory rules are stifling

economic activity. As a matter of urgency, accurately targeted measures must be drawn up and implemented to guarantee a satisfactory level of protection in such a way that service providers and the services themselves can circulate and establish themselves freely throughout Community territory.

Without modern, well-designed low-cost infrastructure, Europe cannot hope to meet the challenges in store for it, given the fact that international competitiveness in services is constantly increasing. The completion of this infrastructure depends upon the liberalisation of the energy and telecommunications markets (in order to improve access to them) and on the trans-European networks programme (in order to increase their potential).

The Commission should publish a White Paper on the completion of a successful European services market which will offer the best opportunities for creating jobs.

Actions by Member States

The development and renewal of the workforce is essential in order to achieve the highest potential for creating jobs, which the services sector offers. Continuous education and constant training are an absolute necessity.

The mass media do not have the human or financial resources to deal with the costs imposed on them by regulatory provisions and administrative procedures.

Public funding of research is an important way to study the new opportunities in the sectors of economic or social activity, where the individual sector is not sufficiently prepared to invest. Existing Community funding could be reoriented so as to promote new services.

The fundamental role of the Member States can be summarised in the following key policy priorities:

- creating an appropriate framework of conditions for services, with regulatory and financial provisions, and provisions on fair competition;
- supporting new forms of employment in the services sector (flexibility, part-time employment, tele-working, e-work etc.);
- creating the conditions for an appropriate specialised and productive work force;
- safe and health working conditions;
- investing in innovation for the services area;
- linking policy on services with policy to support the mass media as well as the industrial sector;
- systematically providing information to the bodies involved;
- developing entrepreneurship in young people.

18 November 2003

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS AND THE INTERNAL MARKET

for the Committee on Employment and Social Affairs

on the development of the services sector for job creation
(2003/2132(INI))

Draftsman: Ioannis Koukiadis

PROCEDURE

The Committee on Legal Affairs and the Internal Market appointed Ioannis Koukiadis draftsman at its meeting of 7 July 2003.

It considered the draft opinion at its meetings of 4 and 17 November 2003.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Willi Rothley (acting chairman), Ioannis Koukiadis (draftsman) and (vice-chairman), Ward Beysen, Willy C.E.H. De Clercq (for Diana Wallis), Bert Doorn, Raina A. Mercedes Echerer (for Uma Maija Aaltonen), Janelly Fourtou, Fiorella Ghilardotti, Malcolm Harbour, Lord Inglewood, Klaus-Heiner Lehne, Sir Neil MacCormick, Toine Manders, Arlene McCarthy, Manuel Medina Ortega, Marcelino Oreja Arburúa (for Rainer Wieland), Elena Ornella Paciotti (for Evelyne Gebhardt), Marianne L.P. Thyssen and Ian Twinn (for Joachim Wuermeling pursuant to Rule 153(2)).

SUGGESTIONS

The Committee on Legal Affairs and the Internal Market calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers that job creation in the services sector presupposes the adjustment of the internal market to the fundamental principles of supply and demand for services, harmonisation with competition policy and further strengthening the internal market, and also requires new models of consumption to be taken into account, with an ever-increasing role for services;
2. Considers that the forthcoming proposal from the Commission on a directive to create an internal market for services will be of major importance in stimulating the growth of services across the European economy;
3. Calls on the Competitiveness Council to give the creation of an internal market for services a much higher priority, and to ensure that proposals such as the sales promotion regulation and the unfair commercial practices directive are given a high priority;
4. Notes that the principle of mutual recognition and freedom of establishment will be absolutely indispensable to a dynamic European service market and calls upon the Member States to accept this principle in their own economic reform programmes;
5. Notes that a highly competitive communications sector is one of the very foundation stones of a pan-European service sector; calls upon Member States to implement the European Union electronic communications regulations without delay; registers its considerable concern that so many Member States have already fallen behind the transposition deadline for this crucial legislative package;
6. Believes that the availability of high-quality services for all manufacturing sectors should be stepped up, in view of the fact that currently these produce added value for the secondary (processing) sector as well as the primary sector (agriculture) and represent the most important factor for improving the quality of life;
7. Considers that the conditions for cross-border provision of services should be improved, both with regard to the direct provision of services to consumers and business-to-business provision of cross-border services, via the removal of the obstacles which impede free movement (particularly obstacles to the recognition of professional skills) and the boosting of e-trade, especially by increasing consumer confidence, as it represents an excellent opportunity to promote cross-border trade;
8. Considers that initiatives ought to be taken, especially with regard to the adjustment of funding from the structural funds, to facilitate research into the generation of new service products, the promotion of human resources training programmes in services, the reduction of the costs of disseminating and receiving information for the new services that are created, and the acceleration of the rate at which innovation is disseminated in the services sector, with the aim of increasing the proportion of new products on the market;

9. Believes that policy on self-employment and the development of an entrepreneurial culture should be linked with the generation of new service products, since development in the services sector requires the ability to take the initiative and a risk-taking approach;
10. Recommends that care be taken over specialised protection geared to the risks and the degree of insecurity created by self-employment or by the setting up of small businesses in order to encourage, in the first place, young people and disabled people to enter the services sector, which ought to be the chief provider of jobs for the unemployed in these categories, as well as to encourage a move by older people from paid work to new forms of employment;
11. Thinks that the policy of extending supply and demand in the services sector in the single internal market ought to be linked to the guaranteeing of a high level of consumer protection, mainly through initiatives contributing to consumer security at the European level and by directing attention to the creation of systems to resolve disputes in an efficient, rapid and relatively low-cost way;
12. Calls on the Commission to carry out a systematic inventory, for those services which fall within the category of network services of general interest, of the effects which their liberalisation has had to date with regard to employment growth and the extent to which the needs of society as a whole are being met, so that the strategy for the future of services of general interest can be formulated consistently.

EXPLANATORY STATEMENT

The increased importance of the services sector for the economy has now been clearly established. This does not merely involve the growth of the tertiary sector, but also the constantly added value of services for the processing sector and even agriculture. It is therefore no accident that in the EU the services sector today is twice the size of the manufacturing sector in terms of GDP, and three times the size if social and public services are included.

At the same time, the knowledge and information-based economy, i.e. the increase in the contribution of knowledge and information to production value, is being translated into an increased number of new service products, created by technological advances. It therefore stands to reason that the future of employment will increasingly be based on higher supply and demand for services. For this reason, there is a direct link between employment policy and issues such as the completion of the internal market, through the improvement of mobility for services and the establishment of the conditions required for competition between services of a higher quality at a lower cost, the protection of consumer security and investment in human resources.

In general, the services market is promoting new forms of employment, with a special emphasis on self-employment and the creation of small and medium-sized businesses, and this in turn means that attention needs to be paid to these forms of employment.

Given that the increased contribution of services to output derives from the ICT services (information and communications technologies), the services market lends itself extremely well to cross-border trade. Thus it is necessary to remove the obstacles of all types which impede free movement, including obstacles to the recognition of professional skills.

In addition, a large proportion of services come within the category of services of general or common interest and, consequently, a policy in connection with services as a source of employment ought to be combined with the measures and initiatives taken for services of general interest, such as the measures to liberalise network services of general interest, the policy for the social economy and the policy for the role of the regions in the promotion of services of common interest.

26 November 2003

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND EQUAL OPPORTUNITIES

for the Committee on Employment and Social Affairs

on the development of the services sector for job creation
(2003/2132(INI))

Draftsperson: Fiorella Ghilardotti

PROCEDURE

The Committee on Women's Rights and Equal Opportunities appointed Fiorella Ghilardotti draftsperson at its meeting of 2 October 2003.

It considered the draft opinion at its meeting of 4 November 2003 and 26 November 2003.

At the last meeting it adopted the following suggestions by 21 votes in favour with 1 abstention.

The following were present for the vote: Anna Karamanou (Chairperson), Marianne Eriksson (Vice Chairperson), Olga Zrihen Zaari (Vice Chairperson), Fiorella Ghilardotti (draftsperson), Regina Bastos, Armonia Bordes, Ilda Figueiredo (for Feleknas Uca), Marialiese Flemming (for Maria Martens), Geneviève Fraisse, Koldo Gorostiaga Atxalandabaso, Lissy Gröner, Catherine Guy-Quint (for Marie-Hélène Gillig pursuant to Rule 153(2)), Mary Honeyball, Rodi Kratsa-Tsagaropoulou, Thomas Mann, Miet Smet, Patsy Sørensen, Joke Swiebel, Helena Torres Marques, Elena Valenciano Martínez-Orozco, Anne E.M. Van Lancker (for Christa Prets) and Sabine Zissener.

SUGGESTIONS

The Committee on Women's Rights and Equal Opportunities calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas the increase in women's employment rates is closely associated with the growth of the economy, particularly in the services sector and the supply of services providing care, which has favoured women's integration in the labour market;
 - B. whereas 80 % of female employment is concentrated in the service sector, which is marked by horizontal segregation, inter alia, 90.4% of domestic service workers, 71.8% of health sector workers and 65.4% of education workers, are female workers;
 - C. whereas the areas of technologically-based occupations are also marked by gender segregation, with only 10% of high level information technology specialists, 9% of engineers and 4% of senior managers in EU are women;
1. Recalls that within the framework of the European Employment Strategy, the National and Local Action Plans should be co-ordinated in order to exploit the high potential for job creation at local level, where innovative work practices and professions can be promoted, improving the quality of jobs, bearing in mind that local labour markets are more accessible to marginal groups of the labour force, inter alia, women;
 2. Stresses that in order to develop the service sector, public authorities at both national and local level should assess the gender impact of their public policies by creating national and local partnerships with economic and social actors, including women's organisations;
 3. Notes that the correlation between female employment rate and the share of social services is high and therefore, any expansion of support service will draw more women into employment, although the gender segregated structure of employment will not automatically be reduced; therefore, call on the Member States to address occupational segregation and to combat all forms of gender-based discrimination by implementing positive measures and by improving the quality of jobs for women;
 4. Stresses that quality jobs should be created, especially in new and competitive service sectors, in order to increase the share of the active female population and to reduce discrimination in the labour market, particularly concerning the gender pay gap and access to employment and promotion;
 5. Stresses that part-time employment is more concentrated in the service sector and calls on the Member States and the social partners to enhance the quality of these jobs and to improve their working conditions to make them more attractive to unemployed men as well;
 6. Calls on the Member States to encourage the expansion and improvement in the quality of support and household-related services and to take measures to encourage an equal sharing of the domestic work between women and men, which will also contribute to raising the female employment rate; takes the view that, to that end, the Member States should recognise domestic work performed by third parties as a proper occupation; in

particular calls on the Member States to increase the supply of services providing care for children and the elderly, in order to make it possible to reconcile family and professional life in practice, and underlines public responsibility in terms of controlling and guaranteeing the quality and affordability of such services;

7. Considers that businesses need to take steps, as a matter of urgency, to ensure that women are better represented in decision-making and managing both public and private undertakings; also considers that it is important to improve conditions for self-employed workers to encourage more women to choose this path.