

## EU embarks on three year-long road to liberalise services

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MEPs on Wednesday (15 November) voted overwhelmingly in favour of the draft directive, previously also approved by EU member states.

EU internal market commissioner Charlie McCreevy said the final green light to the legislation was "a truly remarkable achievement" which was thought by many as "impossible" not so long ago.

Asked whether he himself considers the approved text as better than its original draft, Mr McCreevy said that it was "a" services directive rather than "the" directive, but he pointed out that its earlier version had a chance of a "snow ball in the fire" of getting through.

For her part, German socialist rapporteur on the legislation Evelyne Gebhardt commented "We have managed to ensure that the rights of employees remain at the forefront."

Most MEPs in the Strasbourg plenary debate echoed similar views, with deputies even from the new member states - previously critical to its modified version - admitting that the compromise is a good way forward.

The services sector makes up about 70 percent of Europe's economic output and despite the principle of free movement of services being inscribed as one of the bloc's fundamental pillars, it has been in practise marred by various national protectionist obstacles.

### Troublesome journey to the EU statute

Wednesday's vote marks the end of the problematic legislative path of the proposal filed in 2004 by Dutch commissioner Frits Bolkestein who advocated a far-reaching extension of the cross-border trade in services and their full liberalisation.

The Bolkestein draft led to protests across Europe with some commentators even blaming it for the rejection of the EU constitution by French citizens, due to its coverage of some public services and its suggestion that firms could do business across borders according to their national laws.

Following 2004 enlargement, this proposal came to symbolise a fear of "old" Europe being flooded by plumbers or electricians from the new member states who would put in danger their French or Italian colleagues by working for less pay.

But the original blueprint was significantly modified in the European Parliament's first reading in February which saw the centre-right and socialist groups strike a compromise deal that became the basis for the final agreement among the member states.

The Finnish presidency consequently pressed MEPs to stick to the "fragile compromise," with Ms Gebhardt commenting that member states should in future stop putting so much pressure on the EU assembly.

Greens, leftist GUE/NGE and some eurosceptic deputies went even further and slammed their colleagues from the biggest parliamentary groups for bowing down to that pressure.

Ms Gebhardt suggested she was satisfied with the formal declaration by the commission promising to tackle her concerns on issues such as labour law, social services or the screening of the implementation of the directive.

### What does the directive say

According to the final version of the services law, EU member states will no longer be able to introduce extra requirements for foreign businesses or self-employed service providers, such as computer experts, electricians or barbers.

For example, they do not need to set up their office in another EU country in order to be allowed to do business there or be registered in national professional organisations of the destination country, if already registered at home.

EU member states also must establish so called one-stop shops where foreign service providers will be able to arrange all the administrative necessities while the communication with officials should be possible by e-mail.

Member states may require foreign providers to follow their national provisions relating to public policy, public health as well as consumer and environmental protection, but other than that service providers can work according to their home rules.

The scope of the directive has been slimmed down as part of the EU legislative procedure, with a list of services excluded from it consisting of areas already covered by other EU laws (like financial services) and some sensitive sectors, such as health and social services.

source: [www.euobserver.com](http://www.euobserver.com)

Published on : Tue, 21 Nov 2006