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## Services: Gebhardt and Finnish presidency argue over compromise

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The directive on services in the internal market is one of the most-disputed pieces of EU legislation in recent years. Proponents argued that it will boost European competitiveness; critics attacked it for leading to 'social dumping'. The Council's common position of 24 July 2006, which followed a political agreement at the end of May, paved the way for an agreement between the institutions by taking the core of the amendments on board which the Parliament had adopted on 16 February.

With the presentation of her draft report in the Internal Market and Consumer Protection (IMCO) Committee on 13 September 2006, the rapporteur, Evelyne Gebhardt, opened the second reading phase for the controversial directive.

### Issues:

Gebhardt opted for a low-profile report, constraining herself to a set of only 11 amendments, which she said aimed to create more legal clarity on issues such as the exclusion of labour law and social services, consumer protection and administrative cooperation. "Almost all of the amendments I will present are of a technical nature," the Franco-German Social Democrat said in the committee.

The representative of the Finnish presidency did not agree, however. "Some of the amendments proposed," she said, "touch the heart of the compromise [found between the institutions] and of the [Council's] common position. It will be difficult, if not impossible, to accept them." The Commission representative present said that "certain amendments presented by the rapporteur reduce the legal clarity" of the text.

They were backed by Conservative and Liberal MEPs. "Any wider changes can only be interpreted as an attack on the directive as such, because a failure of the second reading would mean the definitive end of the legislation process," declared EPP-ED MEPs Malcolm Harbour (UK) and Andreas Schwab (Germany) in a joint press release.

While the Council in its common position excluded only "non-economic services of general interest", Gebhardt proposed to exclude all services of general interest (SGI), arguing that "SGI are by their very nature non-economic". In first reading, the Parliament voted to leave the choice to member states to define which services are SGI.

Conservative MEPS attacked this and other amendments by Gebhardt: "Amendments going to the core of the compromise such as the exclusion of social services and private international law as well as the screening process and the review clause foreseen will not be acceptable for the EPP-ED-Group," declared Harbour and Schwab.

Gebhardt stressed that she was "not out to put the compromise at risk". Still, she maintained, the Parliament should not take the attitude: "Because we have won a 90% victory, we will give in on the remaining 10%." On this, Gebhardt was backed by the Greens/EFA and, more reservedly, the GUE/NGL group. To sum up, Gebhardt observed that "neither the rapporteur, nor the Council or the Commission will say today which amendments they deem acceptable and which ones not. That will be established behind closed doors. We are not negotiating in a public place." Gebhardt said that she will come forward with eight or nine additional amendments to complement the ones already presented, all of them concerning the recitals only.

### Positions:

In her explanatory statement, Gebhardt wrote: "The rapporteur fully understands that the political agreement reached within the Council is also a balanced, though fragile, compromise, the substance of which is extremely close to Parliament's position at first reading. She takes the view, nonetheless, that a second reading by Parliament is required in order to give the text greater legal certainty and clarity and thus secure the full backing of the EU public. [...] The rapporteur is seeking to reach agreement with the Council, so as to ensure the promptest possible adoption of the directive on services in the internal market, which will bring genuine economic benefits and new opportunities for business, while ensuring a high standard of consumer protection."

Gebhardt was backed by trade unions. Bernadette S

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