



Single Market for Services



Business Support on Your Doorstep

Enterprise Europe Network London

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The aim of this factsheet is to provide a short and focused overview of the EU Single Market for Services Directive. This was adopted on 12 December 2006, and it should have been transposed by all EU Member States by the end of 2009. However, two-thirds of EU Member States are yet to bring the EU Services Directive into national law. The overall aim of the Directive is to create a single market for services, similar to the single market for goods that is already in existence.

1. Single Market for Services

The Single Market for Services Directive aims to facilitate freedom of establishment in other Member States and the freedom to provide services between Member States.

The Single Market for Services includes four legislative initiatives which will be explained in greater detail below. These are:

- Services Directive
- Posting of workers in the framework of the provision of services
- Equal treatment of men and women outside the labour market
- Competitiveness of services related to businesses and financial services

The recognition of workers' qualifications is also an important part of a more harmonised provision of services across the EU. This area therefore forms a fifth element of the factsheet. The European Commission also places great emphasis on strengthening competition within the services industry, and so a sixth section explains the specific Communication from 2006.

2. Services Directive

The current Services Directive 2006/123/EC falls under the framework of the EU's 'Lisbon Strategy' and highlights four main reasons for creating a Single Market for Services:

1. to ease the freedom of establishment for services providers and the freedom of provision of services in the EU
2. to strengthen the rights of the recipients of services
3. to improve the overall quality of services
4. to establish effective administrative cooperation among the Member States

The Services Directive is intended to improve the competitiveness of the European services industry by strengthening businesses operating in the sector.

Scope of the Directive

Includes

The Directive establishes a legal framework for the provision of services, and it includes four main categories. First, *services of general economic interest*. It is up to the individual Member States to decide which services belong to this category. However, they are mainly postal services, waste management, water supply and electricity. Secondly, *business services* which is a wide category and includes many different business activities such as advertising, recruitment and management consultancy. Thirdly, *services provided both to businesses and consumers* which includes construction, real estate services and travel agencies. Fourthly, *consumer services* which include tourism, sport centres and amusement parks.

Excludes

The major sectors not covered by the Directive are non-economic services of general interest (SGI) and private and public healthcare. Other industries covered in greater detail by sector-specific legislation include financial services, electronic communications and transport. In addition, the Directive does not have an effect on the following areas of legislation: labour law, criminal law and the posting of workers.

Implementation of the Directive

The EU has long viewed the Services Directive as a crucial step in completing the single European market. The Directive requires that all Member States must guarantee freedom of access the services sector and the freedom to exercise these activities throughout their territory. However, despite the December 2009 implementation deadline, only one third of EU member states have successfully put into place the EU's Services Directive.

As of March 2010, the nine states to comply fully with the Services Directive so far are: the Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, the Netherlands, Sweden and the UK. The implementation of the Services Directive has been poor due to serious delays in Bulgaria, Greece, Ireland, Italy, Latvia, Poland, Slovakia and Slovenia. Austria, Belgium, Cyprus, France, Luxembourg, Malta, Portugal, Romania and Spain have showed moderate progress in terms of legal and operational implementation of the Directive.

3. Posting of Workers in the Framework of the Provision of Services

The aim of this Directive is to make it easier to identify the working conditions in the Member States to which the worker is posted. A posted worker is defined as a person who carries out work within another EU Member State for a period of time in which they normally work. It does not include workers who decide to work permanently in another Member State. In addition, there are no time limits for posted workers.

Working Conditions

The Directive requires that, where a Member State has certain minimum standards and conditions of employment in force, these must also apply to workers posted temporarily by their employer to work. The Directive sets the working conditions for workers in the services industry. The main conditions of work and employment to be covered are:

- Maximum work and minimum rest periods
- Minimum paid annual holidays
- Minimum rates of pay, including overtime rates
- Conditions for hiring workers, in particular the supply of workers by temporary employment undertakings
- Health, safety and hygiene at work
- Protective measures with regard to the terms and conditions of employment of pregnant women
- Equality of treatment between men and women and other provisions on non-discrimination

However, there are some exceptions to these conditions within the Directive. The main exceptions are:

- Minimum rates of pay in the case of work lasting for a maximum of one month, provided that this work is not carried out by temporary employment undertakings
- Minimum rates of pay and holidays in the case of an 'insignificant' amount of work, provided that this work is not carried out by temporary employment undertakings
- Minimum rates of pay and holidays in the case of initial assembly and/or first installation of the goods provided, when the maximum duration of the work does not exceed eight days. This derogation does not, however, apply to the building industry.

For more information about posting of workers within the EU please go to the following link <http://ec.europa.eu/social/main.jsp?catId=157&langId=en>

4. Equal Treatment of Men and Women, also Equal Treatment in Employment and Occupation

The consolidated Directive 2006/54 applies the principle of equal treatment of men and women to access goods and services generally available to the public. The Directive extends gender equality legislation outside the field of employment for the first time. The Directive does not apply to the fields of media or education.

Scope of the Directive

The Directive covers a range of different initiatives to promote equal treatment for men and women. The main topics of the Directive are:

- Pregnancy and maternity
- Equal Pay
- Sexual harassment
- Family-friendly working
- Part-time work
- Recruitment and selections
- Dismissal and redundancy
- Relationship at work

The Directive establishes the minimum standards within the EU, while individual Member States can add additional national requirements and standards to prevent discrimination between men and women. Similarly, the Equal Treatment in Employment and Occupation Directive (2000/78/EC) lays down a general framework to ensure equal treatment of individuals within the EU as regards access to employment or occupation and the membership of certain organisations.

A summary of this Directive can be seen at the following website:

http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/c10823_en.htm

In addition, the Commission has set up the PROGRESS Programme 2007-2013 which supports the effective implementation of the principle of gender equality. For more information please see: <http://ec.europa.eu/social/main.jsp?catId=327&langId=en> .

5. Competitiveness of Business and Financial Services

Business and financial services are the main source of job creation in the EU, and the sector is therefore of great importance for the European labour market. The sector currently creates more economic growth than any other sector within the EU. There are four main sub-categories within business and financial services; namely business services, distributive trades, network services and financial services.

Challenges and Political Priorities

The European Commission has established five major policies that are designed to secure growth in the services sector and to better address the increasing challenges posed by Asia and the USA. These are:

- Better integration of services with other economic sectors
- Attract highly-skilled workforce
- Greater transparency of service provision
- Improvement of knowledge and statistical coverage
- Development of the less developed EU regions

When these initiatives are integrated, the business-related services sector should be able to export services more easily, attract more foreign direct investment and buy foreign companies more efficiently. This process should be beneficial to European consumers in terms of lower prices and improved quality of service provision in this sector.

The document, which is a Communication and therefore not legislation in itself, can be seen at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0747:FIN:EN:PDF>

6. Recognition of Professional Qualifications

Repealing fifteen previous Directives, this aims to reform the system for professional qualifications to make recognition more widespread and harmonised. This would thereby encourage greater labour flexibility in the EU. The proposed creation of the European Qualifications Framework (EQF) was approved by the European Parliament in November 2007.

The main purpose of the EQF is to act as a translation device between Member States qualification systems, helping employers and educational establishments across the EU to compare and better understand different qualifications. The main initiatives of EQF are:

- Harmonisation of training requirements and mutual recognition
- Automatic recognition of professional experience for craft professions, commerce and industry sectors
- Coordination of Member States' legislation on self-employed commercial agents

The 'recommended target date' for EU countries to reference their national qualifications systems to the EQF is between 2010 and 2012. In practice, this means ensuring that all new individual qualification certificates, issued from 2012, carry a reference to the appropriate EQF level.

Further information on the EQF can be found at: http://ec.europa.eu/education/policies/educ/eqf/index_en.html

NARIC is the UK national agency responsible for the recognition of international qualification. For more information about NARIC, please see: www.naric.org.uk

7. Competition in Professional Services

This Communication is designed to provide a platform for strengthening competition within the field of professional services. This is foreseen to improve the quality and choice of services on offer, as well as eliminating unjustified restrictions. The sector has been characterised by a high level of EU and additional Member State regulation. Taking into account the new initiative, the restrictive regulations should only exist where they provide protection for consumers. The European Commission and the national competition authorities in the Member States cooperate with each other through the European Competition Network (ECN).

Further information about the European Competition Network can be found at: http://ec.europa.eu/comm/competition/ecn/index_en.html

Sectoral Provisions

You can find more information about different sectoral provisions on the following webpages.

Further information about **road transport** can be accessed at:

http://europa.eu/legislation_summaries/internal_market/single_market_services/l24047_en.htm and
http://europa.eu/legislation_summaries/internal_market/single_market_services/l24044_en.htm

Further information about **maritime transport** can be seen at:

http://europa.eu/legislation_summaries/competition/specific_sectors/transport/l24064_en.htm

Further information about **air transport** can be accessed at:

http://europa.eu/legislation_summaries/transport/air_transport/index_en.htm

Further information about **information society** can be seen at:

http://europa.eu/legislation_summaries/internal_market/single_market_for_goods/technical_harmonisation/l21003_en.htm

Further information about **postal services** can be found at:

http://europa.eu/legislation_summaries/internal_market/single_market_services/l24166_en.htm

Further information about **financial services** can be found at:

http://europa.eu/legislation_summaries/internal_market/single_market_services/financial_services_general_framework/index_en.htm



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