

UNICE

THE VOICE OF BUSINESS IN EUROPE

Mr Romano Prodi
President
European Commission
BREY 12/100
B - 1049 Bruxelles

25 March 2003

THE SECRETARY GENERAL

Dear President,

re: *Green paper on services of general economic interest (SGEI)*

In the context of preparation of the above-mentioned green paper, I am pleased to set out UNICE's fundamental recommendations for how this subject should be addressed.

UNICE fully subscribes to the objective of promoting high quality SGEI and, in the upcoming debate, will be particularly interested in the issue of how development of SGEI can be encouraged effectively.

One of the key issues that will be touched in the green paper, following the European Council request, is the usefulness of introducing a framework directive or other new legal provisions designed to specify in detail the principles which should govern the offer and organisation of SGEI in the EU.

UNICE is greatly concerned by the calls from some quarters for such new legislation, on the claim that the current Community framework for SGEI exhibits serious weaknesses.

We do not share this analysis in any way. On the contrary, we are convinced that the existing Community legal framework has proved to be extremely robust, which means that calls for reform should be considered with the greatest prudence.

It is important to acknowledge that the considerable improvement in the diversity, quality and competitiveness of SGEI in Europe since the early 1990s – there where intelligent and resolute national and Community liberalisation plans have been implemented - has occurred within the existing Community legal framework.

This progress, largely initiated by the Commission, following a constant strategy to enhance competition, reduce state aid and extend the internal market, is clearly highlighted in the recent Commission's report "The internal market - ten years without frontiers". This report rightly points out that initial fears that market opening would have a negative impact on employment levels or on the provision of services of general economic interest have proved unfounded and that "key public service obligations continue to be met".

In this context, we reacted very positively to your recent statement (in your speech on 5 February 2003 to CEEP on the theme "Services of general economic interest and the European model of development") that "a strategy aiming at ensuring high-quality SGEI can be devised with the Treaties as they stand". The green paper should reflect this analysis, in order to forestall sterile debate based on a lack of information among the protagonists.

For the same reasons, we also reacted very positively to the questioning stance you adopted in your speech on the need to consolidate existing principles within a framework directive. We urge the Commission to retain its scepticism as regards a framework directive because such an instrument would undoubtedly create the following risks:

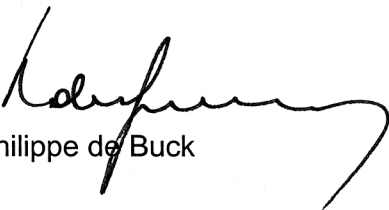
- a strengthening of protectionist tendencies;
- putting in danger achievements of liberalisation to date, and creating obstacles to liberalisation moves in new areas. Even a framework directive not intended to be more than a purely declaratory statement could be counterproductive;
- a loss of focus on the Lisbon strategy to promote competition, further reduce state aid and accelerate liberalisation in order to complete the single market.

Thank you for the attention you and your fellow Commissioners may give to the above recommendations. In our view the green paper debate should concentrate on a number of specific practical questions linked to the way to enhance the completion of the single market and the application of the core principles of the treaty – non discrimination, free movement, undistorted competition - in sectors where benefits could be achieved for the consumers in further applying treaty principles (in sectors like local transport, water, waste treatment), as well as strengthening controls on competition and state aid.

UNICE is pleased to note that the conclusions of the European Summit last week insist that the provision of public services must be compatible with EU State aid and competition rules and that Member States' financing arrangements must not distort the market for tradeable services.

UNICE authorises the Commission to publish this letter on any information website or on any other support designed to publicise the positions of actors in the European policy debate.

Yours sincerely,



Philippe de Buck

cc: Members of the European Commission