



SERVICES IN EUROPE – Great potential for growth!

KEY MESSAGES

- The creation of a true [single market for services](#) will create growth, jobs and business opportunities. It is essential that services markets become more integrated and more competitive to be able to compete with other parts of the world, primarily with upcoming service countries such as China and India.
- European companies still experience that the single market for services is incomplete and continue to struggle with remaining obstacles linked to the quality of implementation of the 2006 Services Directive, but also barriers outside its scope that need to be addressed decisively.
- If remaining obstacles are not removed, there is a risk of a structural and increasing competitive disadvantage for European companies leading to losses in terms of jobs and growth. It would further encourage outsourcing and relocation of these services and businesses to other parts of the world.

WHAT DOES BUSINESSEUROPE AIM FOR?

- 1 Better implementation and stronger enforcement of the Services Directive in all Member States, which alone can bring additional gains up to 1.8% of EU GDP.
- 2 The removal of all discriminatory and unjustified national requirements - such as residence requirements or economic needs tests - that should have already been removed by the Services Directive and avoid the introduction of new ones.
- 3 Member States should also revisit the national requirements that were subject to poor proportionality analyses and adapt or remove overly burdensome requirements where possible and rethink whether there is not a less restrictive alternative measure to achieve the same goal.
- 4 Further digitalisation and simplification of administrative procedures through better functioning Points of Single Contact (PSCs).
- 5 The removal of remaining obstacles outside the remit of the Services Directive, such as strains on company mobility, conflicting national standards and fragmented labour markets.

KEY FACTS AND FIGURES

Services account for 71% of EU GDP and two-thirds of employment.
Service activities falling within the scope of the 2006 Services Directive cover 46 % of EU GDP. Currently, 90% of the services provided in Europe are already in some way covered by EU legislation.
Only 20% of the services in the EU are provided across borders, accounting for just 5% of EU GDP compared with 17% for manufactured goods.



THE IMPORTANCE OF SERVICES FOR EUROPE

Services are an essential part of the EU industry, be it as inputs or as outputs. Services appear at any stage in value chain and across all sectors of the economy, including manufacturing.

In fact, based on recent figures from the World Input-Output Database, 15% to 30% of the inputs in European manufacturing come from the services sector, making it the most important “raw material” of the manufacturing process. In addition, 75% of trade in services concerns the supply to other businesses (B2B), hence their importance for the overall competitiveness of the EU economy.

RECOMMENDATIONS

- 1 Stick to zero tolerance:** The European Commission should apply a “zero tolerance policy” through infringement procedures in cases on non-compliance with the unequivocal obligations of the Services Directive and other relevant EU legislation. The European Parliament should see to it that this policy is actively applied in practice.
- 2 Report and measure progress:** The Commission should reintroduce formal reporting to the Council and the European Parliament on the state of the single market for services.
- 3 Invest in the Points of Single Contact (PSCs):** Modernise and further simplify administrative procedures with help of digital tools through the PSCs.
- 4 Remove remaining obstacles to free movement:** Barriers beyond issues related to the implementation of the Services Directive should be addressed decisively, such as:
 - The many diverse and conflicting national standards
 - a lack of recognition of professional qualifications
 - the high number of regulated professions and specialisations that fragment labour markets
 - double insurance obligations and finding adequate cross-border cover
 - strains on company mobility, often related to heavy and diverse legal form and shareholding requirements
 - a lack of data and facts & figures on services
 - barriers to online service provision (e-commerce)
 - complexity in cross-border tax activities
- 5 Introduce the mutual recognition principle** in all relevant EU and national legislation, through the introduction of a “*single market clause*”.
- 6 Show renewed political willingness and commitment** at the highest level, but also act ambitiously to tackle the remaining challenges sector by sector, starting with the sectors with the greatest economic significance and highest potential for growth (business services, construction, tourism and retail).