



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
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UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

UEAPME Position Paper on Social Services of General Interest

General considerations

Given their weight in the economy and their importance for the production of other goods and services, Services of General Interest are fundamental factors for competitiveness and cohesion, in particular terms for attracting investment in less-favoured regions. The quality, efficiency and non-discriminatory provisions of Services of General Interest are also conditions for the smooth functioning of the Single Market and further economic integration in the European Union. This is in particular important in respect to the EU's aim, to become the world's most dynamic and competitive economy by 2010, as outlined in the Lisbon strategy. UEAPME fully supports the EU's competition policy because it is a necessary tool to ensure the good functioning of the internal market as clearly explained in the UEAPME's position paper on Services of General Interest¹.

In the general context of the Commission's White Paper on services of general interest, the Commission decided to present a specific communication on **Social Services of General Interest** by July 2005. This communication will be partially based on the results gathered at European level through the questionnaire sent by the Commission to the national governments for consultation.

Many of the activities included by the Commission under the category of Social Services of General Interests are facing major challenges and need to be modernised or in some cases drastically reformed. (pension systems and social protection systems but also education and training systems or elderly care). The need for such adaptation is caused by profound changes in society at large, in lifestyles, demographic changes, needs of the labour market linked to rapid evolution with new technologies and globalisation, and the individual etc, which is experienced by all member states to a varying extend. For example the increase of the population with higher education levels, will lead to more demand for adequate healthcare services.

¹ http://www.ueapme.com/EN/ppapers_position.shtml

Specific remarks:

1. On the aim of this future communication

UEAPME regrets the lack of clarity of the Commission's proposal for a communication because it does not specify what exactly the rationale and the aims of the Commission's communication will be. The commission also does not state why it is carrying out this communication and how it is planning to address this issue. On the basis of the Commission's very vague and general statements, UEAPME would like to see in this communication on the one hand the illustration of some good practices on this issue, and on the other hand, an overview of the existing European law and case law of the ECJ. A first good start was made with the "Background document legal framework" distributed with the questionnaire. UEAPME could even agree on the possible beneficial result of an open discussion and exchange on this issue, we stress that this is no basis for developing any further legislative measures on social services.

2. On the Policy area

UEAPME is more than perplex about the Commission's initiative in this field because Social Services of General Interests belong to the core competences of the Member States. Therefore any EU initiative should be considered in the light of the principle of **subsidiarity and proportionality**.

3. On the national systems and definitions

The first characteristic and most obvious objection to a general initiative on Social Services of General Interest is the diversity of Social Services of General Interest. This diversity is expressed in the variety of national systems, the way and level of financing, the different activities included, and the level of action (ie local, regional or national). The Commission realises this complexity itself, which is reflected in its choice of activities defined as "social services". These are:

- Statutory social protection schemes
- Supplementary social protection schemes: income protection
- Health and social care services
- Employment: access to placement facilities
- Support for families: child care
- Services to promote social integration and to support people in difficulties (eg homeless, drug dependence, disability, mental or physical illness)
- Education and training
- Social housing

This broad range of activities makes it very difficult to find a common definition, mainly because of the difference in nature of these activities. How is it possible to compare statutory social protection schemes with public employment services or support activities to drug dependence? Additionally, great differences exist in the way national systems are organised, regulated and financed, because of different historical developments. This diversity of tasks is complemented by the diversity of approach in the 25 Members States. Even within some member states, there are not always national definitions of social services of general interest. Therefore, without any possible comparison, it will be unrealistic to propose any acceptable common concept.

4. On the distinction between types of services

A very important question in this context is to what extent we need to distinguish between Services of General Interest and Social Services of General Interest. Moreover it is crucial to define the nature of social services. So far this is being done at national level with varying results. Being clear on this issue is essential because economic (social) services and non-economic (social) services are subject to different rules of the Treaty. While economic (social) services fall under the EU's competition and state aid regulations (articles 81-89), are covered by the rules on the freedom to provide services (articles 49-55) and the right of establishment (articles 43-48), non-economic (social) services are not covered by them, which makes the EU competition and state aid rules non-applicable to them.

UEAPME is of the opinion that there is generally no difference between Social Services of General Interest and other Services of General Interest. However, one has to be aware of that social services are especially sensitive public goods, which makes the definition of framework conditions for the quality of the services as well as the supervision of them crucial. Differentiation between Social Services of General Economic Interest and Social Services of General Non-economic Interest can be helpful, but has important consequences.

5. On the possible further steps on European level

As stated earlier, we do question the appropriateness of any initiative on the European level, mainly on the basis of the lack of competences of the EU on this issue and the principle of subsidiarity.

However, if the Commission sees the need to deal with this issue at European level, then the Open Method of Coordination is the most appropriate instrument, because it respects the subsidiarity principle while enabling a discussion and a possible cooperation among Members States. This would lead to the use of common objectives, which are followed up on by EU institutions, exchange of experiences and good practices, benchmarking and peer review. This system is already in place in various social policy areas, namely employment, social protection including pensions, social inclusion and health care. If decided to use this method, the discussion should focus on whether or not there is a need for reform, and if this is the case it should continue with an analysis of which level would be the most appropriate level for action, and whether or not an European involvement would be appropriate. In any case the discussion might create the necessary political will at the national level to carry out the necessary reforms in the appropriate form and on the appropriate level.

UEAPME restates its position that (social) services of general interest should not be dealt with at the European level, if there is no direct impact on the internal market, and that other levels (national, regional, sectoral) are more appropriate. In any case there should be a more case by case approach than a general rule.

Conclusion

- UEAPME questions the Commissions intentions and objectives of the future communication

- UEAPME does not see any need for an initiative from the EU level. It is not the appropriate way of proceeding because this issue is part of the core responsibilities of the member states and should be dealt with on the principle of subsidiarity at national, regional or local level.
- However, if there would be any EU involvement, the Open Method of Coordination is the most adequate instrument to use, because it respects the principle of subsidiarity and it carries out a discussion which might lead to closer cooperation on this issue.
- In any case UEAPME considers that there is no need for further legislative measures.

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