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KEYNOTE ADDRESS

CONFERENCE ON FUTURE OF SERVICES IN THE INTERNAL MARKET

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Ladies and Gentlemen,

It is with great pleasure that I welcome you on behalf of the Commission to this conference on the "*Future of Services in the Internal Market*". My thanks go in particular to the Czech Presidency for taking the initiative of organising this important event at such a crucial time for the Internal Market.

This is a decisive and testing time, due to the international financial crisis and the severe economic downturn. The temptation for governments in times like these is to look inwards. To try to seek safety behind national borders. Europe cannot afford to do this. Europe cannot aspire to return to the path of economic growth and job creation without a fully functioning Internal Market.

In this context, "Europe without barriers", the motto of the Czech Presidency, could not be more correct. And the theme of this conference – the Internal Market for Services – could not be more appropriate.

We are all aware of the importance of services in the European economy. Services are the main driver for economic growth in Europe. They represent around 70% of our total GDP and the overwhelming majority of new jobs created in Europe in recent years. Over 9 out of every 10 jobs were created in the services sector.

Despite this, economic evidence continues to show that the full growth potential of the services sector remains untapped. To a large extent, this is due to administrative and regulatory barriers. They discourage the setting up of new businesses and hamper the trade between Member States.

In other words, we are not taking advantage of the possibilities that a Single European market for services offers us. Offers our citizens and offers our businesses. By maintaining 27 national markets, not only are we undermining our global competitiveness. We are doing it in one of the sectors of the economy where we can compete best.

It was precisely to help tackle this situation that the Services Directive was adopted back in 2006. Little did we know then what testing economic times were awaiting us. But had we known, we would have had even more reasons to put in place an instrument like the Services Directive.

Why does the Commission think that the Services Directive is so important for the Internal Market? It is important because it contains a combination of legislative and practical measures that, if properly implemented, will knock down hundreds of barriers. Furthermore, the Directive will also put in place new mechanisms to simplify the life of business, consumers and national administrations.

This will be done for a wide array of service sectors which constitute the fabric of our economies: the retail sector, the construction sector, the services of the regulated professions, the tourism sector and many many more.

The benefits should be there for many different players: from small craft to big supermarkets, from restaurants to car rental companies, from consultancy services to real estate agents. And these benefits should be as much for companies - which are both providers of services and recipients of services - as they will be for consumers.

No doubt, its horizontal and ambitious character is the reason why implementing the Services Directive constitutes a major challenge for Member States:

- undertaking a major review of national legislation,
- setting up of Points of Single Contact,
- organising administrative cooperation,

all these are large scale projects which need to be run in parallel.

They all require strong coordination not only between different departments in national administrations. But also in many Member States with the regional and local level. And indeed with professional bodies.

Not an easy task I know, but one whose long terms benefits should greatly outweigh the initial efforts.

Because of all this, right from the start of the process, the Commission took the commitment to actively assist Member States during the three years implementation period. The efforts and resources we have devoted and are devoting to this work are quite unprecedented. And I am convinced they are helpful to Member States.

This is all about working closely together during implementation. To avoid problems afterwards. And to ensure the real effect of the Directive on the ground. This form of partnership between the Commission and Member States is already a model for other Internal Market initiatives.

So, this brings us to the state of play of the implementation process.

How are Member States doing?

Let me make a general remark: even before the end of the implementation period, we can already draw one positive conclusion. The Services Directive has increased national administrations' awareness of the Internal Market. Our sense is also that it has increased their commitment to it.

There is in each of the Member States a group of people who for the last two years have been doing remarkable work to further the Internal Market.

Let me however be concrete. Good progress has certainly been made by many Member States. However, it is clear that the most important part of the task is still ahead.

In 2009 you all have to have legislation approved. And the planning and preparation for the Points of Single Contact and the system of administrative cooperation will have to generate concrete results.

To get there, it is crucial to step up efforts. And, very importantly in a number of Member States, you need to make sure that adequate resources are deployed in national administrations.

This is, in my view, one of the major problems we are encountering on the ground: in quite a few Member States not enough resources are being deployed to what is a very ambitious and complex task.

Without adequate resources you will have great difficulties to properly implement the Directive. The Commission can help you by supporting your efforts. But of course it cannot do the work for you. In the end, it is for you to deliver.

Let me now give you the Commission's view on the top three priorities for the months to come:

First - if not already done – Member States need to finalise as early as possible the review and assessment of legislation. You are fully aware of this. But it is worth reminding ourselves that the number of legislative acts identified can go from around a hundred to thousands, depending on the size and the administrative structure of the Member State concerned.

This is a very demanding exercise but it constitutes the basis for the work of simplifying and adapting your legislation. Therefore, it is essential to ensure the thoroughness of the review and the quality of the assessment. And the exercise is about simplifying legislation and lifting barriers to the Internal Market. It is not about justifying laws and regulations.

Particular attention should also be paid to completing work at the decentralised level, where progress is lagging behind in a number of Member States.

The next logical step is the drafting of implementing legislation. To leave sufficient time for its adoption before the end of the year, most of you will need to have the drafts adopted by government by spring at the very latest.

I understand that a significant number of Member States already have their draft ready or about to be completed. But I remain concerned about the fact that in some Member States drafting seems to have started very late.

Second, concrete solutions need to be rapidly developed to set up the Points of Single Contact and make them work in practice. I am aware that this is an aspect of the Directive where an important amount of exchange of best practices is taking place between Member States.

Last November a number of you (the Netherlands, together with Denmark, France, Germany and the UK) organised a "jamboree" event for all Member States to exchange such practices. I understand that another group of Member States may organise another such event before the summer.

I congratulate you for such initiatives, and urge those of you that are late in the development of their Points of Single Contact to use to the maximum the expertise and help of other Member States.

Linked to this, enhanced efforts are required to ensure that electronic procedures are available and can be used across borders. The Commission is doing its best to help you on that front, but we need of course effort of all of you.

Third, work on administrative cooperation needs to get practical now. The active engagement of Member States is required to fully exploit the IMI pilot project that we will be running throughout 2009.

We want an operational network of competent authorities functioning by the end of this year. This means that Member States need to put in place sufficient resources to raise the awareness of their competent authorities. Both about the Services Directive and IMI. To train them and to encourage them to actively participate in the pilot.

To mark the launch of the IMI Services Directive pilot project, the Commission is organising a "IMI awareness raising conference" and a training event on 25 and 26 February in Brussels. It will be an important occasion to discuss and work with those of you that will play a key role in the organisation and running of the pilot. And who will be using administrative cooperation on the ground.

Before finishing, let me take a look beyond the December 2009 implementation deadline.

As you know, the Services Directive foresees for 2010 a large exercise of mutual evaluation. This will give Member States the opportunity to assess the work done by other Member States. To see how they have reviewed and adapted their national legislation to the requirements of the Directive. Stakeholders will also be involved.

This is a very innovative approach which could be summarised in two, perhaps three words: "transparency" and "peer review" which, if required, should lead to constructive – and friendly - "peer pressure".

The mutual evaluation process is both a challenge and a unique opportunity. If properly undertaken - and we in the Commission services will do our best to facilitate this - it will provide all of us with an in-depth picture of the Internal Market for services after the implementation of the Services Directive.

This picture will emerge on the basis of a comprehensive and systematic process both with and between Member States, and thereby provide a unique and unprecedented basis to develop our future Internal Market policy for services in years to come.

Thank you for your attention. I wish you a very fruitful discussions here today and, above all, a lot of determination and energy for the last year of implementation of the Services Directive.

And again I thank, on behalf of all of us, the Czech Presidency for taking the initiative of organising this conference!