

# Services Directive hits the finishing line



*The Services Directive is about to become a reality for businesses and consumers across the EU. Adopted by the European Parliament and the Council in December 2006, the Directive's three-year transposition period will expire end 2009. This concludes an intensive implementation process, during which Member States have cooperated in an unprecedented manner with the Commission - and among themselves - to put into action a major modernisation and simplification package. But the end of the transposition deadline will not mean an end to the efforts to improve the functioning of the Single Market for services. It marks the start of an innovative working method called 'mutual evaluation', aimed at assessing the results of implementation and the need for further initiatives in the Single Market for services.*

## Where do things stand today ?

Implementing the Services Directive has proved to be a particularly complex task for Member States. It not only involved changes in legislation, as is the case with all EU Directives, but also required Member States to manage several large practical projects simultaneously, demanding important coordination efforts throughout all levels of national administrations. One project was the setting-up of so-called 'Points of Single Contact'<sup>1</sup> - e-government portals through which businesses can complete all administrative formalities electronically. Another involved the modernisation of national rules relating to services. All EU countries were required to have a critical look at requirements and procedures in order to 'clean their house', and simplify or abolish those deemed excessive or unjustified.

Economic evidence consistently shows that proper implementation of the Services Directive should give a significant boost to the services sector, which represents around 70% of GDP and employment in the EU and is its main driver of growth and job creation. SMEs should benefit from simpler procedures and have less paperwork to deal with, whether they want to start or expand their business at home or abroad. Consumers should benefit from easier access to a larger range of services throughout the EU.

Will these benefits materialise in practice? To assess precisely this, the so-called 'mutual evaluation' process will be a central tool.

## Mutual evaluation in 2010: how will it work ?

Throughout 2010, the Commission and Member States will join forces to assess the outcome of Member States' efforts to lift barriers to the functioning of the Single Market. This exercise of mutual evaluation, set out in the Services Directive, will be based on Member States' reports concerning a screening of their legislation and subsequent changes made. During 2010, Member States will discuss and assess each other's reports.

The mutual evaluation process is both a challenge and a unique opportunity. It will involve 'digesting' and analysing a potentially huge amount of information that will be notified by the Member States. If managed successfully, it will provide an in-depth picture of the state of play and form the basis for a future policy for services in years to come. Mutual evaluation could be used in particular to establish benchmarking criteria and to create a higher degree of convergence between national legislation, hence leading to a more level playing field for services throughout the EU.

<sup>1</sup> See Single Market News 55: 'Points of Single Contact: Doing Business Made Easier'.



