

BUSINESSEUROPE



**ARE THE POINTS OF SINGLE CONTACT TRULY
MAKING THINGS EASIER FOR EUROPEAN
COMPANIES?**

SERVICES DIRECTIVE
IMPLEMENTATION REPORT

NOVEMBER 2011

EUROPEAN COMPANIES WANT WELL-FUNCTIONING POINTS OF SINGLE CONTACT

INTRODUCTION

BUSINESSEUROPE has been closely following the implementation of the Services Directive and in particular the development of the Points of Single Contact (PSCs) as they can greatly facilitate the life of both domestic and foreign service providers.

By offering information and assistance to companies, the PSCs have great potential to enhance cross-border service provision in the Single Market and boost growth and job creation. However, this potential can only be fully unleashed when they function well and respond to the needs of their users.

Yet, the level of commitment from national governments to promote and improve their PSCs differs substantially. BUSINESSEUROPE encourages Member States to shift from the current compliance perspective to a competitiveness focus, where the PSCs will go beyond what they are required to do by law and are an efficient tool to foster cross-border service provision and thereby boosting growth in Europe.

This report presents views of European companies on the functioning of the PSCs obtained through a comprehensive questionnaire. It provides an overview of the remaining challenges and the progress made since our last stocktaking one year ago, presented in BUSINESSEUROPE's January 2011 brochure "Unleashing cross-border services". This report also offers 10 concrete recommendations from European businesses to improve PSC performance.

BACKGROUND

The Services Directive was adopted in 2006 to facilitate cross-border service provision and establishment abroad by simplifying existing procedures and removing legal and administrative barriers to trade in Europe's services sector.

The Directive also required Member States and the European Economic Area (EEA) countries to set up so-called "points of single contact" through which companies can obtain relevant information and complete administrative formalities entirely online, without the need to contact several authorities. A "first generation" of PSCs should have been set up by 28 December 2009 in all Member States.



10 RECOMMENDATIONS FROM EUROPEAN COMPANIES TO IMPROVE THE POINTS OF SINGLE CONTACT

European business strongly calls on the European Commission, national governments, PSC managers and other relevant authorities to:

- 1 Make more procedures and formalities available for online completion**, also in foreign languages, by ensuring better cooperation between the PSC management and the authorities responsible for final approval of these administrative procedures.
- 2 Develop the language offer** in terms of quantity and quality to attract more foreign service providers.
- 3 Close the gap between the quality of information provided in the national language(s) and the foreign language(s)** with the help of the relevant neighbouring countries.
- 4 Expand the scope of practical information** to not only include practical information on labour law, VAT rules or social security but also, for instance on insurance and providing services in an online environment.
- 5 Make the PSCs more user-friendly**, for instance by including a comprehensive search engine on every PSC portal and offering entrepreneurs step-by-step guidance from information provision to completion of formalities online.
- 6 Improve the interoperability** of the different national PSCs by ensuring that e-signatures work well across borders and by setting standards for online identification and authentication.
- 7 Make sure that the portals answer any request as rapidly as possible**. Automatic authorisation after a certain period could offer a solution in many cases.
- 8 Invest more in the PSCs**. National governments need to realise the great potential of improving their PSC to attract foreign investment and cut costs by simplifying procedures and using e-government tools. Business needs and expectations must be taken better into account, when the budget for the PSCs is allocated.
- 9 Promote the PSCs better**, in particular amongst start-ups and SMEs. National governments need to realise the high return on investment of a better used PSC portal and fully commit to organising effective national promotion campaigns.
- 10 See the PSC portals as an international brand**: Intensify contacts between the different PSCs in Europe to better share solutions and encourage the creation of standards in terms of lay out, navigation, quality of service, and presentation of forms and information.



SETTING PRIORITIES: WHAT DO COMPANIES WANT?

The limited funds available to run, promote and improve the PSCs should be allocated as efficiently as possible by setting the right priorities.

Therefore, it is regrettable to observe that in many cases the PSCs do not provide the services that companies expect of them (*see below*).

Top 10 - Most important PSC features for companies

1. Possibility to complete procedures online
2. Accurate and complete information on cross-border service provision
3. Rapid response to requests (online and offline)
4. Relevant information on establishment abroad
5. Information on practical issues such as tax or labour law
6. A helpdesk or phone service to back the electronic portal
7. Possibility to track progress of ongoing procedures online
8. Offering PSC services in multiple languages
9. Possibility and security of electronic signatures
10. Downloadable information such as flyers and brochures

MAIN FINDINGS

- Businesses consider the possibility to complete procedures entirely online as the most important benefit that PSCs can provide, because it saves time and money, and offers an easy way to fulfil necessary obligations.
- Member federations consider that 8 out of the 22 tested PSCs lack the financial and / or human resources to carry out satisfactorily the day-to-day tasks envisaged by the Services Directive.
- The relatively low ranking of “offering PSC services in multiple languages” is due to the fact that for the moment the vast majority of PSC users are domestic companies.
- In some countries such as France and Latvia, budget constraints hold back PSC development towards the “second generation” of PSCs.

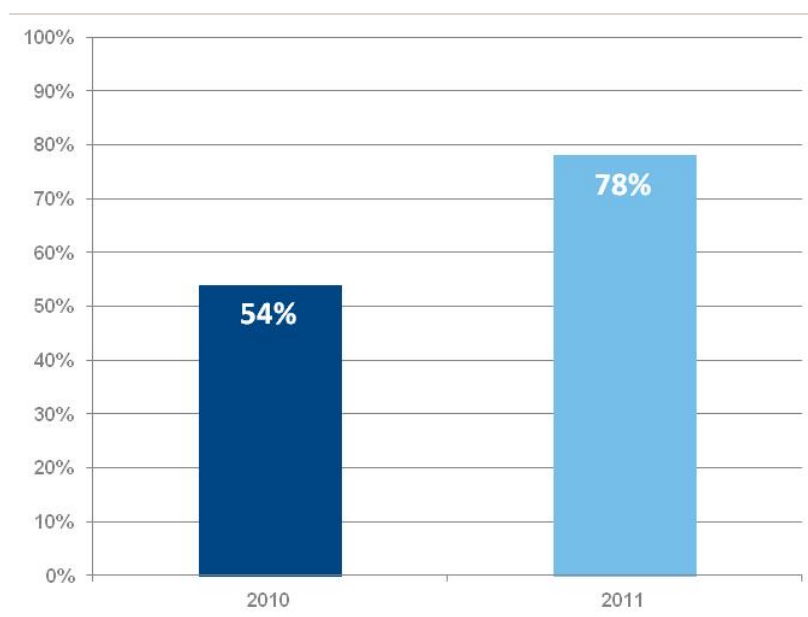


EUROPEAN COMPANIES' VIEWS ON THE POINTS OF SINGLE CONTACT

✓ **OVERALL, THE INFORMATION OFFER IS GRADUALLY IMPROVING AND ITS QUALITY IS ADEQUATE**

- The information offered on 78% of the tested PSCs is rated as satisfactory (*figure 1*). Overall, the information provided is more complete and detailed, covering a wider range of service sectors and procedures than one year ago.
- Companies are also pleased to find more practical information that goes beyond the minimum requirements laid down by the Services Directive, such as information on labour law, taxation issues, VAT rules and social security.
- However, there is a wide gap between the quality of information provided in the national language(s) and the foreign language(s).
- Companies still often miss information on temporary service provision, the recognition of professional qualifications and insurances. In addition, as e-commerce is developing and becoming more important, businesses want more information on the specificities of operating online.

Figure 1: % of PSCs providing a satisfactory level of information



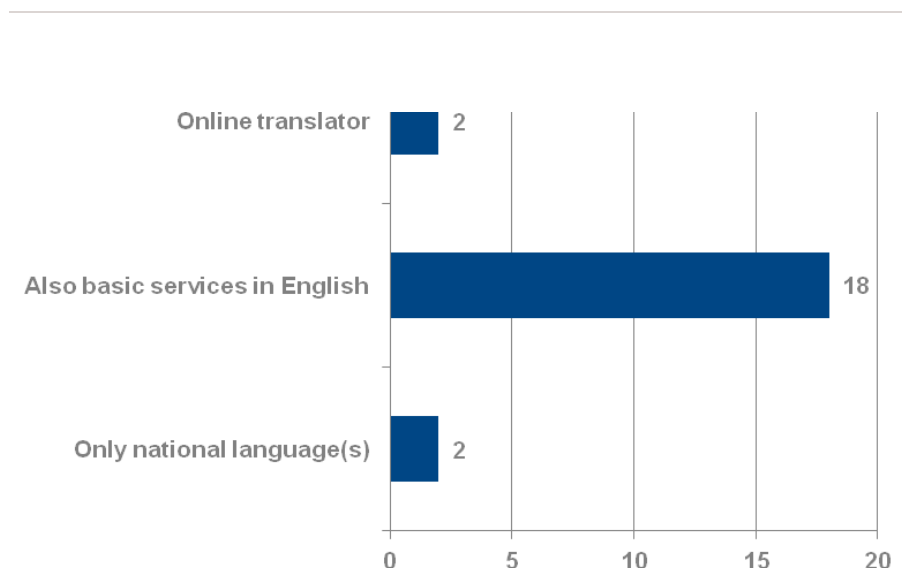
Source: BUSINESSEUROPE questionnaire 2011



☒ THE LANGUAGE OFFER HAS IMPROVED, BUT THE DETAIL AND QUALITY IS OFTEN UNSATISFACTORY

- 91% of the tested PSCs offer basic information and / or other services in one or more foreign languages, compared with 83.3% one year ago.
- Of the 22 tested PSCs, only the Bulgarian and French PSC do not offer at least basic services in English. The Polish and Portuguese PSC offer multiple translations via a direct online translator (figure 2).
- However, companies frequently report that the information provided in the foreign languages is too generic to rely on. In addition, downloadable forms or online procedures are in most cases only available in the national language(s).
- Companies report that while the PSC portal is available in English, the linked websites to the relevant competent authorities are often not translated.

Figure 2: Number of PSCs that provide at least basic services in English



Source: BUSINESSEUROPE questionnaire 2011

☒ THE COMPLETION OF ADMINISTRATIVE FORMALITIES ENTIRELY ONLINE IS, IN MOST CASES, NOT YET A REALITY

- Completing administrative procedures and formalities entirely online can offer great advantages for companies. However, it is only available at a satisfactory level in a minority of tested PSCs (*figure 3*).
- In most PSCs, only limited variety of procedures is available, in particular in foreign languages. In addition, procedures can often be initiated online but completion still requires offline approval of a competent authority either through e-mail, regular post or visit to a physical office.
- Among the PSCs that do not allow for the completion of procedures, at least half provide the possibility to download (translated) forms in PDF for return by regular post or fax.
- Most PSCs require official registration to enter a secure personalised platform. The majority of companies experience this as proportionate and necessary to ensure proper handling of company data.
- Difficulties with the completion of procedures online are not solely related to the functionality of the PSC portals, but are often linked to the willingness or otherwise of the authorities responsible for the applications to make these services available.

Figure 3: *Tested PSC services for completing procedures online*

| ASSESSMENT | COUNTRY |
|--|---|
| <input checked="" type="checkbox"/> Satisfactory | 9 countries Austria, Czech Republic, Denmark, Germany, Lithuania, Netherlands, Spain, United Kingdom, Sweden |
| <input type="checkbox"/> Disappointing | 7 countries Finland, France, Greece, Luxembourg, Poland, Portugal, Norway |
| <input checked="" type="checkbox"/> Not possible | 4 countries Bulgaria, Ireland, Italy, Malta |

Source: BUSINESSEUROPE questionnaire 2011



SOUND PROGRESS IS REPORTED WITH REGARD TO MAKING THE PSC PORTALS MORE USER-FRIENDLY

- Almost half of the tested PSCs are more user-friendly than one year ago due to a more structured portal, an improved information filter or a general lay out improvement.
- The quality of service of the Bulgarian, French and Italian PSCs is disappointing because responses to requests for additional information are often too slow.
- In countries with many regional PSCs, substantial differences between the different portals are observed. In Germany for instance, the portal of Baden-Württemberg was rated as highly satisfactory while the user-friendliness in other regional PSCs was disappointing.
- Despite the strong call from businesses to make this PSC service available, only half of the tested PSCs offer companies regular feedback on ongoing procedures, which shows no improvement compared with a year ago.
- 95% of the tested electronic PSC portals are backed up by a support office or phone helpdesk. However, the quality of service greatly differs between countries.

MAKING THE PSCs FULLY ACCESSIBLE FOR FOREIGN SERVICE PROVIDERS REMAINS A GREAT CHALLENGE

- Service providers report language barriers, lack of interoperability of e-signatures and impossibility to register as foreign company to use certain PSC services as the main obstacles for satisfactorily using a foreign PSC.
- In general, user-friendliness of all portals is rated lower by foreign service providers.
- Beyond the basic information, more legal information is often not translated. Also, information on setting up a subsidiary is lacking in most portals.
- The differences between set-up, lay out and way to use the various national PSCs creates confusion. There is a call for more coherence between the different portals.
- Competent authorities regularly require a national company registration number, a certain e-signature or specific verification at a physical office before allowing access to certain PSC services, which poses problems and restricts access for foreign service providers.
- Registration to complete formalities is often more difficult for foreign service providers as the handling of foreign supporting documents for evidence often creates difficulties. In some cases, original documents or sworn translations are requested, a disproportionate requirement which should have been abolished by the Services Directive.



☒ THE CURRENT LEVEL OF USE AND GENERAL AWARENESS OF THE PSCs IS STILL LOW

- The use of the PSCs greatly differs between countries (*figure 4*).
- On average, 90% of the users of a PSC are national companies. Entrepreneurs are hesitant to rely on foreign PSC portals and / or are simply not familiar with them.
- Despite promotional efforts on European and national level, 14 member federations representing more than 55% of the services market still consider the general awareness of the PSCs to be poor or non-existent, compared with about 75% one year ago.
- In particular, start-ups and SMEs are still unaware of the advantages and opportunities created for them.

☒ EFFORTS TO PROMOTE THE PSCs AT NATIONAL LEVEL ARE DISAPPOINTING

- 10 member federations indicate that their PSC has been actively promoted in their country, while in 12 countries no state-run promotional efforts have been undertaken.
- Most member federations indicate that the efforts to promote the benefits of the PSCs to businesses undertaken by national governments are disappointing.
- Most member federations have promoted the PSCs to their member companies. However, it is challenging to successfully promote something that does not function according to company expectations, for instance the possibility to complete necessary formalities entirely online or to find all relevant information through one single portal.

Figure 4: Use of the PSCs (the way to calculate traffic differs between countries)

| COUNTRY | DATA |
|----------------|--|
| Sweden | 158,000 different visitors on average per month, about 4,000 are foreign |
| Netherlands | 145,000 different visitors on average per month |
| France | 38,000 visitors on average per month |
| Austria | 6,100 visitors per month, but only 50 requests |
| Lithuania | 4,200 visitors on average per month. 136 e-procedures launched in 2011 |
| Denmark | 4,000 visitors on average per month and 700 requests in October 2011 |
| Czech Republic | 285 requests on average per month |
| Poland | 61 descriptions of procedures approved in 2011 by relevant authorities |

Source: BUSINESSEUROPE questionnaire 2011



POINTS OF SINGLE CONTACT: TRULY MAKING THINGS EASIER FOR COMPANIES?

Figure 5: Snapshot - majority of business' responses per country

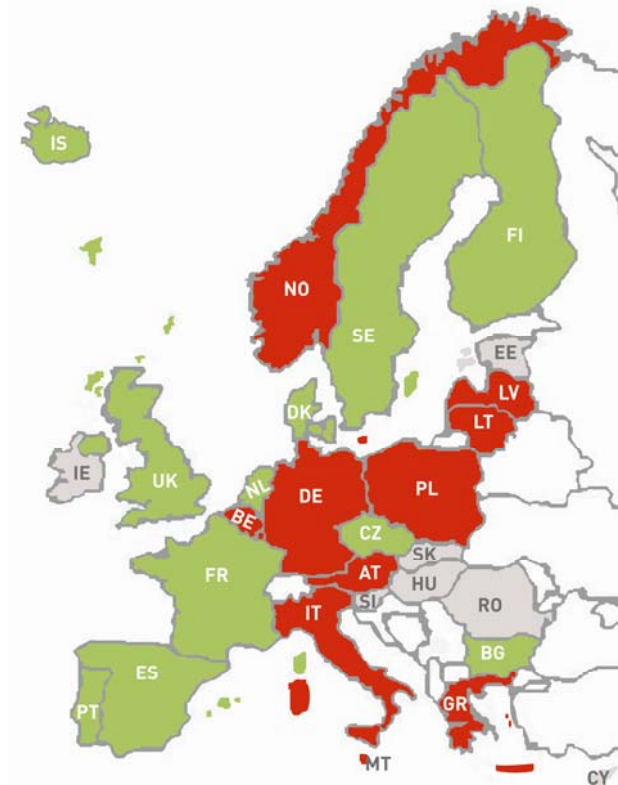
Source: BUSINESSEUROPE questionnaire 2011

“Yes” – 11 countries

Bulgaria, Czech Republic, Denmark, Finland, France, Netherlands, Portugal, Spain, Sweden, United Kingdom, Iceland

“Not yet or not sure” – 11 countries

Austria, Belgium, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Norway, Poland



MAIN RESPONSES FROM COMPANIES

- YES, BECAUSE:** The PSC is useful to be able to access all relevant information under one single portal. Especially in a preliminary phase, this reduces costs for external lawyers and consultants.
- YES, BECAUSE:** Although the number of procedures that can be completed entirely online is still limited, using an online portal saves both time and costs compared with fulfilling all necessary requirements offline and by physically visiting different national authorities.
- NOT YET, BECAUSE:** The information needed to make well-informed decisions on cross-border service provision or establishment abroad is incomplete or not detailed enough.
- NOT YET, BECAUSE:** Often the formalities that companies wish to complete online to save time and truly make doing business easier, are not yet available.
- NOT YET, BECAUSE:** Some prefer to collect information from the relevant authority via means such as e-mail, telephone or face-to-face contact. A number of entrepreneurs believe that the “personal element” of doing business can never be replaced.
- NOT YET, BECAUSE:** It is not possible to use certain services from a PSC from another country due to a lack of interoperability of e-signatures or online identification, discouraging companies for making further use of a foreign PSC.
- NOT YET, BECAUSE:** Their existence is simply not known amongst European companies, and in particular start-ups and SMEs!



ADDITIONAL FACTS AND FIGURES

- Services represent nearly 75% of EU GDP and two-thirds of employment.
- 9 out of 10 new jobs are created in the services industry.
- Cross-border services account for only 5% of EU GDP compared with 17% for goods.
- Only 8% of European SMEs providing services operate in other Member States.
- The Services Directive does not cover all service sectors, the sectors it applies to represent a share of around 40% of GDP and employment.
- The economic gains of full implementation of the Services Directive range between 60 and 140 billion Euro, representing a growth potential of 0.6 - 1.5% of EU GDP.
- According to research conducted by the Netherlands, the use of Points of Single Contact could bring savings up to €60 million a year in that country.
- Romania, Slovakia and Slovenia have not yet put in place a first-generation Point of Single Contact.

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MEMBERS ARE 41 LEADING
NATIONAL BUSINESS FEDERATIONS
IN 35 EUROPEAN COUNTRIES

| | | | | | |
|--|--|--|---|---|---|
|  Austria |  Belgium |  Bulgaria |  Croatia |  Cyprus |  Czech Republic |
|  Denmark |  Denmark |  Estonia |  Finland |  France |  Germany |
|  Germany |  Greece |  Hungary |  Iceland |  Iceland |  Ireland |
|  Italy |  Latvia |  Lithuania |  Luxembourg |  Malta |  Montenegro |
|  Norway |  Poland |  Portugal |  Portugal |  Rep. of San Marino |  Romania |
|  Serbia |  Slovak Republic |  Slovenia |  Spain |  Sweden |  Switzerland |
|  Switzerland |  The Netherlands |  Turkey |  Turkey |  United Kingdom | |