



**COUNCIL OF  
THE EUROPEAN UNION**

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from: General Secretariat  
to: Delegations

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Subject: Draft Council Conclusions on the Single Market for services

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Delegations will find attached the draft Council Conclusions on the Single Market for services.

Coreper is invited to

- confirm the agreement on the text as set out in Annex to this document
- submit the text to the ECOFIN Council for adoption as an "A" item on 22 June 2012.

Encl:

12 June 2012

**Draft Council Conclusions on the Single Market for services**

*(after EFC 12-13 June)*

1. A well-functioning and truly integrated Single Market for services is a key tool for enhancing productivity and competitiveness and, more generally, increasing potential growth and employment in the EU. By removing unjustified or disproportionate barriers, simplifying the regulatory framework and facilitating the modernisation of public administrations in Member States, the adoption and subsequent implementation of the Services Directive has been a crucial milestone in achieving these goals. There is however room for further gains by further removing unjustified or disproportionate barriers at national level, which is of paramount importance at a time of subdued economic growth. The Council therefore WELCOMES the work done by the Commission to assess the economic impact of the implementation of the Services Directive, following the invitation from the Ecofin Council in the Conclusions of 16 February 2010 on the deepening of the EU Single Market.

2. The Council TAKES NOTE of the results of the Commission study showing significant gains of up to 0.8% of GDP at the EU average level from the current implementation of the Directive. However, the study also points to further gains of up to 1.8 percentage point of GDP, as well as additional trade and FDI, from further reaching implementation. This is due to the rather heterogeneous state of actual implementation and regulatory systems and traditions across Member States and the still insufficient transposition in some countries, in spite of the 2009 deadline, leading to artificial market segmentation, limited competition and insufficient exploitation of economies of scale and scope in the EU's Single Market for services. Against this background, the Council RECALLS the importance of a consistent implementation of the existing provisions of the Directive, notably with regard to business and professional services, construction, tourism, and retail sectors, and to further remove remaining unjustified or disproportionate obstacles at national level such as those revealed by the mutual evaluation exercise, including reserves of activity, professional qualifications, capital ownership, legal form requirements and insurance obligations, where appropriate. These, in fact, hamper both international trade and investment and domestic production in the services sectors covered by the Directive.
3. The Commission study also finds that economic gains are realised through the domestic channel, thus through the direct impact on domestic firms of the removal of remaining restrictive and anti-competitive rules and the large simplification effort undertaken by Member States including the set-up of Points of Single Contact. The Council therefore UNDERLINES the importance for Member States to continue improving their own national regulatory framework in which services activities operate domestically with a view to reaping all potential gains of the Services Directive.
4. Further, EU rules need to be clear and consistent so as to provide citizens and businesses with the legal security they need to buy or sell services across borders as they do in their domestic markets. The Council therefore WELCOMES the Commission's intention to issue guidance on non discrimination under Article 20 of the Services Directive.

5. The Council STRESSES that the correction of macroeconomic imbalances within EU countries could also gain from further liberalization efforts, through strengthened domestic demand and potential growth in all Member States. Indeed, additional adjustment and growth in the services sectors, coming from the elimination of non-justified entry barriers and regulation hampering competition and improvements in the business environment, would help accompanying the ongoing structural adjustment in several Member States and compensate for employment losses in other sectors.
  
6. Finally, the Council EMPHASISES that growth-enhancing structural reforms must come to the forefront of the policy agenda in all Member States. The Internal Market is still one of the most important tools the EU has to deliver growth in Europe. The Council STRESSES in this respect the importance of swift adoption of the measures in the Single Market Act I, of correct and timely transposition of all Single Market legislation, and of improving quality and consistency of legislation. Supply-side policies enhancing market competition, such as the implementation of the Services Directive, are needed to support efficient and flexible markets and promote growth. The Council moreover CALLS UPON the Member States and the Commission to strengthen the governance and enforcement capacity of the Single Market for services and to prioritise initiatives in this area. In this regard, the Council WELCOMES the report and proposals that the Commission has presented to the June European Council on the Services Directive. The Council CALLS on the Commission to present further measures as part of the Single Market Act II to improve the functioning of services markets, in particular network-infrastructure based services. Finally, the Council UNDERLINES that reforms with short- to medium-term growth benefits consistent with ongoing fiscal consolidation efforts in the EU, such as regulatory improvements in services sectors, should be pursued with priority.

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