Internal market: 3rd 2002 review.

2002/2143(COS) - 30/07/2002 - Document attached to the procedure

This report is intended to present the difficulties affecting the provision of services between Member States as perceived by interested parties according to the consultations carried out by the Commission and Member States, or which arise from complaints, written and oral Parliamentary questions, petitions or studies and surveys. These consultations, accompanied by specific studies, will be continued in order to obtain further information, in particular on the situation of consumers in the Internal Market for services. A decade after the envisaged completion of the Internal Market, there is a huge gap between the vision of an integrated EU economy and the reality as experienced by European citizens and European service providers. The complexity and severity of legal barriers, which have replaced physical and technical ones for a large variety of services, is far more wide-ranging than was expected when the new Strategy for Services was launched. The loss to the competitiveness of European economy as a whole cannot be underestimated. At this point it is already obvious that the goal set by the Lisbon Council to make the European economy the most competitive in the world cannot be met unless sweeping changes are made to the functioning of the Internal Market for services in the near future. The nature and scope of the problems to be addressed require a major effort and a clear political commitment by all European institutions and the Member States to give high priority both to the removal of existing barriers and to the avoidance of new ones, while taking care to maintain a high level of protection of objectives of general interest. Candidate countries should as far as possible be involved in this process. It should be noted that this report does not seek to take a position either on the compatibility with Community law of national measures which are at the root of the difficulties described here, or on possible proposals to improve the functioning of the Internal Market for services. This report will serve as the basis of work for actions to be launched as a second stage of the Services Strategy in 2003 following discussions with the European Parliament, Member States and interested parties. These discussions need to cover the barriers to the cross-border provision and consumption of services, as well as obstacles to cross-border establishment, encountered in a wide variety of service activities. Cross-border establishment, which plays an important role for service providers, needs to be facilitated by removing unnecessary administrative burdens and reducing red tape. However, SMEs are predominant in the services industry and for them crossborder service provision, rather than establishment, remains the principal way to exploit new markets, thanks in particular to the information technologies which overcome many of the reasons for permanent physical presence. It is therefore important to encourage cross-border service provision and make this as easy as it would be to provide services within a single Member State. To achieve these objectives the Commission will, as outlined as part of the second stage of the Internal Market Strategy for Services, propose the necessary legislative actions, the scope and content of which require further analysis. In this respect a careful balance will have to be found between the need to avoidtoo detailed and wide-ranging regulation at the EU level and the need to protect the general interest objectives concerned. This requires more detailed analysis of areas for additional harmonisation that will be carried out in close co-operation with the European Parliament, Member States and other stakeholders. Particular attention will be given to barriers directly affecting the freedom to receive services by European citizens. In this context there will be close examination of demand-side issues, particularly the situation of consumers in the Internal Market for services. Work in progress aiming to ensure a high level of consumer protection will serve to reinforce the conditions necessary for consumer confidence in cross-border transactions. To address non-regulatory barriers, the Commission will, as outlined in the Strategy, propose appropriate measures of a non-legislative nature. In this respect, the Commission will in the first instance tackle the need for information and assistance for citizens and companies wanting to use or provide cross-border services.