



## **It's back to the future on the Services Directive - MEPs react to new proposal**

**04.04.2006**

MEPs had a first opportunity to react to the Commission's revised proposals on the services directive, when Commissioners Charlie McCreevy and Vladimir Spidla outlined their new draft to the House. There was widespread agreement that the Commission had closely followed the position adopted by Parliament at its first reading vote in February – the next stage of the process is for the Member States to come to a common position in the Council.

Internal Market Commissioner Charlie McCREEVY told MEPs the Commission had honoured its commitment to respect the consensus reached in Parliament on the services directive. Article 16 on freedom to provide services and article 17 on derogations to that freedom were taken on board. All healthcare services had been excluded, and the Commission would be taking a separate initiative on the health sector. Temporary work agencies, security services and the audiovisual sector had also been excluded. He said legal services had not been excluded, on the grounds that article 3 already indicated that specific directives would prevail in cases of conflict. The Commission had modified the wording on official authorities in line with the treaty and was aiming for legal certainty in specifying the exclusions of social housing services, services to children, families and people in need provided by the state or by providers mandated by the state. A new communication on social services of general interest would be issued within a few weeks.

"The decision to remove all interaction with labour law has been a major help in improving the atmosphere of this debate. It removes the perception – which was in any case mistaken – that there is a threat to labour standards. Articles 24 and 25 have been removed, and the Commission has prepared a communication on the posting of workers to address the issues covered by these articles."

"There is a growing realisation that the consensus you achieved is the basis to take proposal forward. There is now a window of opportunity to build on that consensus want to get the benefits of more growth and jobs as soon as possible. I will present the revised draft to the Council at Graz and I believe we have a real chance of making progress during the Austrian presidency."

Commissioner for Employment, Social Affairs and Equal Opportunities, Vladimir SPIDLA set out the contents of a Commission communication on the posting of workers. He said the aim was to help Member States in practical terms to deal with administrative and structural arrangements: "The removal of articles 24 and 25 should not be taken to mean that Member States are entitled to retain major administrative obstacles in the way of employers posting workers across borders to provide services. The aim is to have freedom to provide services and to prevent social dumping." The

communication, he said, set out what control measures Member States can use to check on working standards. It set out various measures including the documents required and the need for a representative in the host country. Only the absolute minimum of documentation was to be required, he said, noting that social insurance papers, for example were already covered by other legislation. "There is much room for improvement in all areas, in websites and other information tools, in monitoring bodies and in the exchange of documents."

### Political Group speakers

For the EPP-ED group, Marianne THYSSEN (BE) said she was not at all displeased with progress of events: "We have set the tone in the plenary debate and called for a balanced text, and we supported radical changes to original commission proposal. Parliament has had hearty congratulations from the Council for finding a way open to keep the market functioning and to preserve our social achievements." Economic interests were being protected and social concerns dealt with, she said, adding that consumers would be sufficiently protected. "We know a balance is possible – the issue will be further addressed and we are sure the Austrian presidency will achieve a directive which is good for employers, consumers and workers – and for growth and jobs."

For the Socialist group, Evelyne GEBHARDT (DE) said the Commission had "leapt beyond the shadow from which is suffered last week." She was very pleased that the Commission had kept its word and gone along with the majority view of Parliament. This was a decisive step, she said, towards a social Europe: "The country of origin principle has been swept aside. This is most important for social Europe." She was pleased that sensitive sectors were being excluded, though she said the social services issue would need further discussion. "We have been able to prove that we have exercised our rights to the benefit of citizens. It is now up to the Council to deal with this and determine how rapidly we will have this legislation."

Speaking for the ALDE group, Toine MANDERS (NL) thanked the Commission for providing the text so rapidly. He said this directive was a major step forward for employment in Europe. "Creating jobs is the best thing for social security – it is far better than protecting at all costs our so called social achievements." He was disappointed at the length of the list of excluded areas, which he said were areas where protectionism could continue. He also had concerns that excluding the audiovisual sector left a lack of clarity. "It is up to politicians to take decisions for the long term even if it means temporary unpopularity. You can see what happens in France when you try to introduce reforms to preserve our prosperity for our children... The mobility of services is very important to help Europe compete with other markets."

Pierre JONCKHEER (BE), for the Greens / European Free Alliance Group said he was pleased that the Commission had taken into account the suggestions of the Parliament and the Council. However, he said that his Group still had problems with the scope of the Directive and the Inclusion of Services of General Interest. On the latter point they believe there should be a specific Directive in itself. Mr Jonckheer also said that agreement on Article 16 does not in their view present a sound legal basis.

Francis WURTZ (FR), speaking for the GUE/NGL Group said that his Group would "neither underestimate or overestimate their achievements" (since the original proposal). He added that his Group would "examine the Commission proposals under a microscope". He did however say that the changes showed the growing importance of the Parliament in the EU's institutional triangle and the weight of the people who had demonstrated against the Directive. He noted that under the proposals the rules of integration were still led by freedom of the market and not a wider solidarity.

Adam Jerzy BIELAN (PL), on behalf of the UEN Group, said that he "could not hide his disappointment" and that the amended version was full of "ambiguous statements" which will be

tested by opponents of the liberal market. He criticised the "short-sighted and selfish attitude" of some leaders of the "old" EU-15 in their opposition to open markets and labour mobility. He also criticised the "passive and apathetic" Commission for not acting in the Union's interest. Finally, on Article 24/25 he said that the better solutions promised by the Commission were merely the "status quo".

Fernand LE RACHINEL (NI, FR) welcomed the fact that the Commission took note of the Parliament's vote and is trying to deal with controversial issues such as the "Country-of-origin principle". However, he criticised the Commission for reprimanding France for taking measures against companies pursuing hostile takeover bids. Mr. Le Rachinel accused the Commission of "going against its own camp" and said that it was "essential for this institutional and political anomaly to be corrected".

#### British speaker

Malcolm HARBOUR (EPP-ED, UK) shadow rapporteur on the proposal, thanked Commissioner McCreevy for "fully living up to the pledge he gave to us" and supported the Commissioner's amended text. Although Mr Harbour declared he would have liked a more liberal directive, he called it "a major step forward in the internal market" and that Mr McCreevy should act as "the strongest advocate of the directive". Mr Harbour asserted that the proposed text has more than one hundred measures that "remove barriers, reduce bureaucracy, simplify legislation and give more information" and that the Commissioner needs to "go up there and advocate it...to win heart and minds". The proposed text, he said, "certainly isn't a diluted and weak legislation".

#### Responses to the debate

Commissioner McCreevy stated that on the sectors outside the scope of the directive (sectors excluded) the Treaty provisions remained. On health, he said that the Commission would debate the issue in the next couple of weeks and that the proposal would at least cover the issue of worker mobility. Mr McCreevy said that Mr Harbour was overly pessimistic as to the perception of the revised proposal and that some initial negative reports in the media had been revised over time. Commissioner McCreevy said that he had sold the revised proposal to the Council of Ministers, and he also welcomed the European Council's recent endorsement of the revised proposal.

Mr McCreevy said that the Commission had recognised that the original proposal would never have become a political reality and it was more pragmatic to back the Parliament's position as a major step forward and one that would considerably benefit the European economy. He said he hoped that the Parliament and Council could work together to reach an early final agreement.

Commissioner Spidla said that the current posting of workers directive did not pose many problems but rather the implementation by the Member States needed to be improved. Any reform of the directive should always take into account the protection of workers and not create artificial barriers, he said.

The Commission would be coming forward with a communication, at the end of April, on services of public interest which he said preparation for was well under way.

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