



The British Chambers of Commerce believes that the Services directive will directly benefit businesses and encourage more cross border trade in services as long as it is evenly and promptly applied across the EU.

## Summary

**The EU Services directive will come into force on 28 December 2009 across all 27 member states. It is designed to increase trade in services across the EU by making it simpler and easier for businesses to set up or offer their services in other member states. How?**

- By removing restrictions and barriers to trade: member states must justify any national formalities on service providers on the grounds of public health, security, policy and the environment and prove that they are necessary, proportionate and non discriminatory.
- By setting up Points of Single Contact (PSC) where business will be able to find information and complete the formalities necessary to doing business in another member state as well as the UK;
- By simplifying licence applications: UK licences will apply in other member states and member states will need to justify all existing licence and approval schemes;
- By improving cooperation between regulatory and authorisation bodies in all member states: to monitor and share information on service provision and to solve any remaining barriers to trade;
- By requiring businesses to provide certain information to consumers in a bid to increase confidence and widen customer base: information such as contact details, general term and conditions and price where pre-determined must be available to consumers; also businesses must respond to consumer complaints and

provide a solution.

The directive applies to approximately two-thirds of service sectors. It does **not** apply to: financial, transport, healthcare, audiovisual, private security, and certain social services; temporary work agencies; gambling activities; electronic communications services; and public services of general interest, e.g. public utilities.


There is broad agreement amongst all political parties that the directive will directly benefit businesses and help complete the single market.

Full business guidance is available at [www.bis.gov.uk/servicesdirective](http://www.bis.gov.uk/servicesdirective)

## Problem

The success of the directive will depend in large part on the consistent and timely implementation of its provisions across the EU. It is clear however that the pace and quality of implementation in all 27 member states is uneven. Eurochambres has been monitoring the progress of implementation in each EU member state for the past three years. In its latest report (July 2009) it confirmed that there were wide divergences in the progress that member states had made in amending their business regulations and in creating the PSCs.<sup>1</sup>

<sup>1</sup> Eurochambres Policy Survey: Mapping the Implementation of the Services Directive in EU Member States. July 2009



A total of 38% of EU chambers questioned said they were “unsure or sceptical” that the legislation would be properly implemented in their countries on time. Eurochambres also confirmed that some member states would not be “operationally ready” to liberalise by the deadline, “thus making the directive, from the business perspective, irrelevant as well as ineffective” for as long as they fail to do so.

A specific problem identified by Eurochambres is that in almost all member states, the planned Points of Single Contact will work only in the national language. This raises concerns that businesses will be discouraged from taking advantage of liberalisation.

The UK is on course to meet the deadline. It is clear, however, that certain aspects of the Point of Single Contact (PSC) will not be fully functional by 28 December 2009. The UK PSC will be able to provide users with information on the requirements and formalities necessary to providing a particular service; as well as the ability to complete the formalities online and monitor the progress of any application (although it is unlikely that all local authorities will be joined up to the service by 28 December 2009, BIS envisage full coverage by March 2010). Progress has been less stellar in establishing general support and helpline mechanisms for non-UK firms wishing to do business in the UK.

Awareness of the directive among the business community is poor. A BCC survey published in June 2009 showed that only 10% of respondents were aware of the directive; however over 25% of existing exporters believed that they would be more likely to export more as a result of the directive. <sup>2</sup>

## BCC Position

The BCC has consistently lobbied for a robust Services directive, and believes that the new law will directly benefit businesses, and in particular SMEs. According to Copenhagen Economics (2005), the resulting increase in EU trade will lead to 600,000 new jobs, over €37 billion in gains and more consumer choice – all benefits of the directive that remain underrated. <sup>3</sup> We believe that the UK needs to re-balance its economy and export more services; the services directive provides the framework and the impetus for a more export led economic strategy; moreover UK businesses enjoy a comparative advantage in those sectors that the directive is most likely to benefit (for example, environmental services; human resources and health and safety services; game development; creative industries).


We are concerned, though, that uneven implementation will prevent business from reaping the full benefits of the new law. We are working with our sister organisations, the European Commission and the UK Government to support and encourage other member states to meet their commitments fully.

Looking ahead, the imperative must be to ensure that all member states have implemented the directive fully at least by December 2010; and then to use the monitoring mechanism provided to identify any outstanding obstacles and remove them.

We are also working with BIS to find a cost effective solution as soon as possible with regards to providing telephone support to non-UK businesses, using the experience and expertise of Chambers.

<sup>2</sup> Exporting Britain  
- BCC June 2009

<sup>3</sup> The Economic  
Assessment of the  
Barriers to the Internal  
Market for Services  
- Copenhagen  
Economics January  
2005

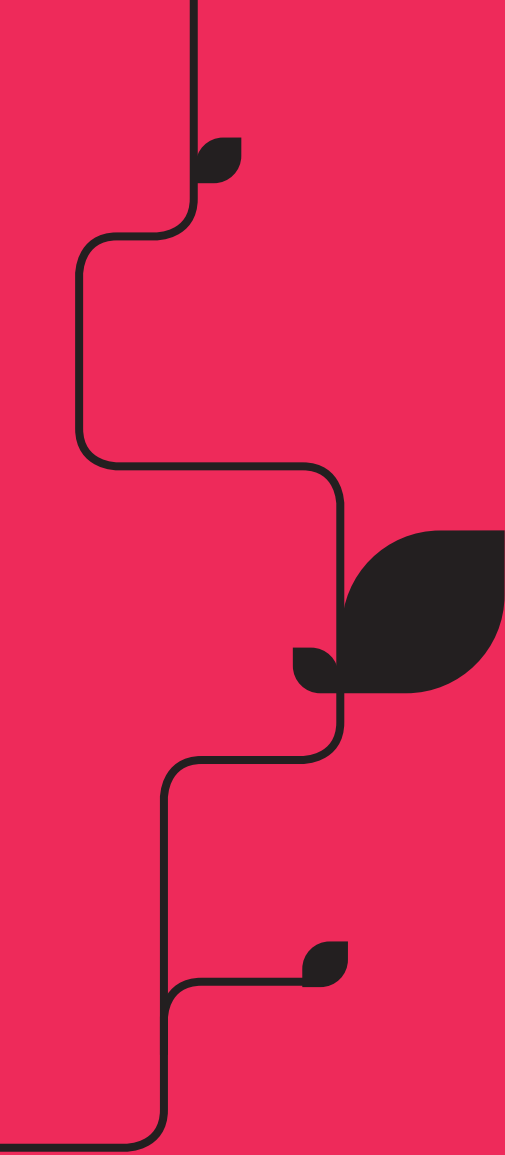


We are concerned that UK businesses may find themselves at a competitive disadvantage because the Government does not require “qualified electronic signatures” but operates a pin and password system. The UK Government has assured us that the UK system is part of a list of EU wide approved providers but other EU PSCs are telling us otherwise. We shall monitor the UK business experience very closely.

A final but major challenge is to raise awareness of the benefits of the directive without raising expectations unnecessarily - given the limitations that businesses will almost certainly encounter during the first year of the lifetime of the directive. We believe, therefore, that a steady stream of targeted information should be provided to SMEs over the next six months rather than a big bang operation over the New Year. Chambers across the UK are organising seminars between November and March to highlight the benefits and requirements of the directive.

<sup>4</sup> ONS





## APPLICABILITY

The provisions of this directive apply to all businesses and Governments of the United Kingdom and all other EU and EEA states (ie. Norway, Iceland and Liechtenstein)

## CONTACTS

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