

Ms Kerstin Jorna  
Director-General  
Directorate-General for Internal Market, Industry,  
Entrepreneurship and SMEs (DG GROW)  
European Commission  
Rue de la Loi 200  
BE - 1049 Brussels

8 February 2021

Dear Director-General,

### **Services Directive: a comprehensive report on its application under Article 41**

BUSINESSEUROPE, EUROCHAMBRES and EUROCOMMERCE have been consistently stressing the importance of the services sector to the EU economy, businesses and consumers alike. Economic activity in Europe remains disproportionately hit by Covid-19, and the service sector will be crucial to accelerating Europe's recovery.

The overall post-2019 contribution to the EU economy from services is estimated at €389bn or 2.28% of EU GDP, and a further €284bn of gains would be possible under full implementation of the Services Directive\*. The growing trend for EU industry to offer substantial services alongside their products and use services as input also provides a major opportunity to both service providers and industry: services generate 27% of the value added in EU manufacturing compared to 20% in the US; yet our productivity in services is only around half that of the US level\*\*. It is therefore clear that significant growth potential remains untapped as long as there is no free movement of services in the EU.

The European Commission's Long-term Action Plan for Implementation and Enforcement of Single Market Rules partly acknowledged the current situation with the measures on services it foresees. However, a difficult political debate caused a set-back to the agenda on services as the Commission was forced to withdraw the remainder of the 2017 Services Package.

Our business organisations are absolutely clear that implementation and enforcement of the existing framework, particularly the Services Directive, should be given the highest priority. Vigorous monitoring of how the principles of proportionality, necessity and non-discrimination enshrined in the Directive are followed by Member States is key, and transparency and corrective measures in cases of non-compliance are vital. The present crisis caused by the COVID pandemic and uncoordinated measures taken by Member States make the case even stronger, and we see cross-border provision of services under heavy pressure. The Services Directive Expert Group could also play a stronger role in ensuring proper application and implementation of the Directive.

\* European Parliament study "Contribution to Growth", J. Pelkmans, 2019

\*\* Copenhagen Economics study "Making EU trade in services work for all", 2018

Our organisations would like to draw the Commission's attention to Article 41 of the Services Directive, requiring the Commission to table "a comprehensive report on the application of this Directive" every three years, starting 28 December 2011. In line with this, a regular report was due on 28 December 2020. The legal requirement provides the Commission with an excellent opportunity to give new impetus to the implementation of the Services Directive.

We understand that the COVID crisis has inevitably delayed work on a number of Commission dossiers, but we hope to see the Article 41 report in the coming months, and that the Commission on that basis will work to further develop a culture of compliance and transparency among Member States. BusinessEurope, Eurochambres, EuroCommerce stand ready to support these efforts.

Yours sincerely,



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BUSINESSEUROPE



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