

# Position Paper

## **UEAPME<sup>1</sup> position on a proposal to introduce a Services Passport and address regulatory barriers in the construction and business services sectors.**

### **Executive summary**

As the plans of the Commission are still very vague, it is nearly impossible to give a final assessment of the proposal. However, UEAPME has serious doubts about the added value of the proposed services passport. It fears cross-border frauds and disrupt the effectiveness of controls undertaken by labour inspectorates.

UEAPME welcomes the consultation of the European Commission on a proposal to introduce a Services passport and to address regulatory barriers. We acknowledge that the regulatory framework for the free movement of services should be further developed, in order to create a level playing field which promotes fair competition and fair working conditions, as well as in order to reduce unnecessary administrative burdens and obstacles for companies.

Despite the meetings UEAPME had with Commission representatives and the participation in stakeholder meetings, the proposal for a Services passport remained quite vague and some important possible characteristics were only revealed during the meeting with some stakeholders on the 5<sup>th</sup> July. In general UEAPME supports the idea of the European Commission to reduce the administrative burdens for businesses and service recipients in line with the Services Directive.

Specifically regarding administrative obstacles, a lot of objectives are still to be reached.

- Improve accessibility of information on rules and procedures applicable in other Member States
- Reduce complexity and length of procedures imposed by authorities to provide services in other Member States
- Offer electronic options to complete procedures imposed by authorities to provide services in other Member States
- Avoid that service providers need to re-submit the same documents several times
- Enhance trust between authorities in the home and in the host Member State in relation to information about cross-border service providers
- Ensure a closer cooperation between authorities in the home and in the host Member State in relation to applications/notifications by service providers to go cross-border

<sup>1</sup> UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

- Allow for acceptance of documents issued in the home Member State in order to complete procedures to establish or provide services in other territories
- Getting more support from authorities in other Member States in order to complete procedures to provide services in their territories
- Address requirements for getting documents translated
- Address requirements for getting documents translated and such translation to be certified under the rules of the host Member State

However, regarding the early stage of this initiative, we have not seen yet any comprehensive assessment or analysis if there is a real need for any legislative actions at the EU level.

But it is vital to continue to work on the simplification of procedures regarding these issues mentioned above.

An assessment of the Services Passport is only possible if more information and details on the concretely planned structure of the pass are available. It is not yet clear whether the Services Passport is a simple form or a physical or virtual passport, when it needs to be replaced and what information exactly is included in the Services Passport. The benefits of again a new administrative document are impossible to evaluate if it is not clear which existing administrative formalities and burdens will be abolished by it. According to the information received it is not even clear yet if the passport will be delivered on a permanent basis or case by case (meaning for each cross border service provision).

The goal of the Services Passport should be to give services providers legal certainty and clarity about the rules they have to comply with when they want to operate in another Member State and simplify administrative procedures. It should not cause any extra additional administrative burden for companies, but rather decrease the existing burdens. According to our view, a services passport should be voluntary. Furthermore, it should be electronic and readily updatable. Moreover, the procedure should be efficient and have a predefined processing time. Regardless of the services passport, the Member States' authorities should continue to have the competence to oversee and tackle irregularities and informal economy and tax fraud as well to ensure high-quality skills requirements and standards for health and safety at work. We have severe concerns concerning the principle that the passport will be delivered by the authorities of the country of origin. We fear that it will facilitate cross-border frauds and disrupt the effectiveness of controls undertaken by labour inspectorates.

A European services passport should not override national based high-level skills requirements and standards for health and safety at work or tax control related rules. In order to ensure fair competition and a level playing field inside the single market and prevent tax fraud it is matter of top priority to preserve a sufficient competence for the national authorities.

In addition the following principles should be respected in every more concrete proposal:

- Instead of only giving information to authorities, businesses should be able to receive (better and clearer) information as well; indeed still too many SMEs are unfamiliar with the rules applying in the EU Single Market. Getting information is seen as a major problem
- Authorities in the home member state are able to provide precise information on the requirements to provide services in other member states;
- It fully applies the once only principle;
- It contains a harmonised document (same format in all EU member states);
- It is a comprehensive document;
- The procedure works fully digital;
- The process works simplifying;

Moreover, it seems that the Services Passport is not suitable to eliminate the real obstacles in cross-border trade in services: The biggest obstacles to cross-border provision of services and the establishment of branches or subsidiaries are still language problems, problems with the new legal framework in other countries and taxes.

While testing a proposal is in principle a good idea, the principles of better law making (new proposals only when it is necessary) are certainly not followed with this proposal as the construction sector as a whole is opposed to the introduction of a services passport in their sector.

The vast majority of construction companies operate and will continue to operate mainly at a local/regional level, not necessarily because of administrative obstacles, but because of other barriers such as, for example, the language, technical requirements, cultural differences, customer relations etc. For these reasons and on the feedback received by our member organisations, EBC does not see any need for nor usefulness in such a “Services Passport” in order to increase the provision of cross-border services and would like to ask the Commission to drop this initiative for the construction industry.

On the issue of **insurance** the main problem is not that an insurance is requested but that liability insurance for small- and medium enterprises doing temporary cross border businesses within the EU, is not a commonly offered product, and thus too expensive, or often unavailable. .

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