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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Towards a better functioning Single Market for services – building on the results of the
mutual evaluation process of the Services Directive**

(Text with EEA relevance)

{SEC(2011) 102 final}

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mutual evaluation process of the Services Directive**

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Services are the driving force of the EU economy. Broadly speaking, 9 out of 10 new jobs are created in this sector. A well-functioning and truly integrated Single Market for services is therefore a key tool for creating the growth, jobs and innovation needed in Europe and to enhance its global competitiveness. The structural reforms required to create a genuine Single Market for services are also at the heart of the "Europe 2020" strategy¹, which highlighted that *"an open single market for services must be created on the basis of the Services Directive"*. The recently adopted Commission Communication "Towards a Single Market Act"² stressed the need to further deepen the Single Market for services and to build on the results of the "mutual evaluation" process provided for in the Services Directive³.

In this Communication, the Commission presents the main results of the "mutual evaluation" process and builds on them to move on to a new phase in the building up of a Single Market for services where the benefits of the Services Directive are consolidated and complemented by a set of further actions. This Communication is accompanied by a Commission staff working document describing in more detail the work undertaken during the "mutual evaluation" process and the first set of results of the legislative reforms adopted by Member States to implement the Directive.

1. SERVICES ARE THE DRIVING FORCE OF THE EU ECONOMY

The creation of a Single Market for services – an area without internal frontiers in which the free movement of services is ensured – has been **one of the cornerstones of the European project** from its origin. The Single Market for services was not designed, and should not be seen, as an end in itself. It is a **tool to improve European businesses' and citizens' daily life and welfare**. We need to use the enormous potential it offers as a lever for creating sustainable growth and jobs, widening choice for consumers and opening new opportunities for businesses.

A well functioning Single Market for services is even more urgently needed in light of the current economic crisis. Today, services are the **main driver of the EU economy** and economic activity has been shifting markedly to knowledge-intensive services over the last

¹ Communication from the Commission "Europe 2020 - A strategy for smart, sustainable and inclusive Growth", COM(2010) 2020 final.

² "Towards a Single Market Act - For a highly competitive social market economy", COM(2010) 608 final.

³ Directive 2006/123/EC of the European Parliament and of the Council, of 12 December 2006, on Services in the Internal Market. OJ L 376/36 of 27.12.2006.

decades. Services account for over **two-thirds of EU GDP** and employment, and have been the **source of all net job creation** in recent years. Furthermore, approximately 75% of services trade concerns the supply of services to other businesses in almost any sector of the European economy, in particular **industry**. More integrated and better functioning services markets should therefore enhance the competitiveness of the EU economy as a whole.

However, the Single Market for services is **not yet delivering its full potential**. Services still represent only around one-fifth of total intra-EU trade, a share that is modest compared with their presence in the economy (even taking into account the fact that certain services are by nature of a less tradable and/or of a more local character). The absence of dynamism in intra-EU services trade becomes clear when mirrored against EU's global trade in services. Since 2004, trade in services between the EU and the rest of the world has been growing faster than inside the Single Market. Today only about 8% of European SMEs do business in other Member States. As a consequence, innovative activities that are vital for growth remain within national borders and, often, do not reach the required critical mass. This hampers choice for users of services as well as Europe's potential for innovation. Furthermore, productivity growth has been slow in recent years in a number of services sectors, partly due to the low intensity of competition, which remains inhibited by unjustified barriers to the Single Market.

In short, the **EU economy urgently needs a more integrated, deepened Single Market for services**. This is necessary to help businesses – in services and industry – to grow, create more jobs and better position themselves globally. It is also key to leading the EU economy onto the path to recovery. Additional growth in services should also help accompanying structural changes in the EU economy and compensate for employment adjustments in other sectors.

The adoption and subsequent implementation of the **Services Directive has been a crucial milestone** in improving the functioning of the Single Market for services. It has done so by removing unjustified barriers, simplifying the regulatory framework and helping modernise public administrations. Yet **more remains to be done**. The recently adopted Communication “Towards a Single Market Act” confirmed the importance of the Single Market for services and the need to further develop it. Taking the results of the process of “mutual evaluation” of the Services Directive as a starting point, **this communication sets out an ambitious work programme that should bring us closer to this aim**. It complements and reinforces other ongoing efforts at EU level to improve the functioning of services markets, in particular the follow-up of the “retail market monitoring” exercise⁴ and the Europe 2020 flagship initiative “A Digital Agenda for Europe”⁵, as well as the forthcoming initiatives to foster a better functioning Single Market for e-commerce⁶.

⁴ See the Retail market monitoring report: “Towards more efficient and fairer retail services in the internal market for 2020”, COM(2010)355 final.

⁵ Communication from the Commission “Europe 2020 -A strategy for smart, sustainable and inclusive growth”, COM(2010) 2020

⁶ Public consultation on the future of electronic commerce in the internal market and the implementation of the Directive on Electronic commerce (2000/31/EC) August 2010.

2. THE SERVICES DIRECTIVE – A MAJOR STEP TOWARDS A BETTER FUNCTIONING SINGLE MARKET FOR SERVICES

Services are very **diverse and often complex activities**. So are the rules that Member States impose on them and the barriers service providers and recipients may face when seeking to benefit from the Single Market. **Barriers hit services harder** than goods - because of the intangible nature of services, the importance of the know-how of the service provider, the use of equipment across borders, etc. They also hit SMEs, in particular micro-enterprises (95% of all services providers in the EU), harder than larger firms. Many of these **barriers are of a cross-cutting nature**, i.e. are common to a wide variety of services across all stages of the provider's activity. In addition, **they have a number of common features**, including the fact that they often arise from administrative burdens, the legal uncertainty associated with cross border activity and the lack of mutual trust between Member States⁷.

Against this background, **the European Parliament and the Council adopted in December 2006 the Services Directive**, a horizontal Single Market instrument that covers a large variety of service activities representing about 40% of EU GDP and employment. The Directive had to be fully implemented by end 2009. Its three years' implementation period required an unprecedented effort across all levels of national administrations and strong political backing, including from the European Parliament and the Council.

The results of **implementation, even if still under completion in some Member States, constitute a major step forward** in terms of removing barriers and the modernisation/simplification of legislation. Hundreds of discriminatory, unjustified or disproportionate requirements existing throughout the EU have been abolished in important service sectors such as retail, the services of the regulated professions, the construction sector, the tourism sector or the business services sector. This has been carried out via more than 1.000 implementing laws, some of which were "omnibus laws" containing dozens of changes to different pieces of legislation. Many Member States have also set up specific mechanisms to prevent new barriers from emerging in the future such as internal notification obligations, guidelines for future legislation or "Single Market tests" in the impact assessment of new requirements. Finally, clauses to facilitate the free movement of services from providers legally established in other Member States have been introduced in national legislation. If properly enforced, they should significantly improve the functioning of the Single Market for services⁸. However, it is important to stress that the **full potential of the Directive** will only be realised when **all Member States complete all the required legislative changes** to implement it. This is particularly the case in those Member States that have adopted framework horizontal laws implementing the Directive but have not (or have hardly) changed existing sector specific legislation to remove unjustified barriers there.

Legislative changes only represent one strand of the achievements during implementation. A major effort to modernise public administrations has also been made and is still being pursued -in particular via the setting up of "**Points of Single Contact**"- e-government portals for business now operational in most Member States. And a culture of **administrative cooperation** to facilitate the free movement of services -including via the use of the "Internal

⁷ For a full analysis, see the 2002 Report from the Commission to the Council and the European Parliament of "The State of the Internal Market for Services" COM (2002) 441 final of 30.07.2002.

⁸ See in annex to this Communication an overview of legislative changes adopted by Member States and the services sectors that should benefit the most.

Market Information" system - is developing. Again, these efforts need to be sustained to ensure that the effects of the Directive are fully felt on the ground.

Overall, conservative estimates predict that the implementation of the Services Directive has the potential to bring about economic gains of up to **140 billion Euros, representing up to 1.5% growth of EU GDP**⁹. These estimates do not take into account the purely national effects of administrative and regulatory simplification, which should also be significant.

The importance of the Services Directive for the development of the Single Market for services does not end here. Indeed, the Directive contains a set of mechanisms and tools enabling further progress beyond implementation. A particularly powerful tool is the **process of mutual evaluation** foreseen in the Directive, which was undertaken by Member States and the Commission throughout 2010. **This Communication presents its key findings** and identifies on this basis **a set of actions to further deepen the Single Market for services** and to bring it closer to the needs of EU citizens and businesses. It builds on the results of discussions between the Member States and the Commission and the main conclusions reached, as well as the contributions to the public consultation that was also carried out.

3. THE PROCESS OF MUTUAL EVALUATION – A POWERFUL TOOL TO ASSESS THE STATE OF THE SINGLE MARKET FOR SERVICES

The "mutual evaluation" process was an innovative and evidence-based exercise of **"peer review"**, foreseen by the Services Directive itself. Whilst such a mechanism would not be adapted or required in the context of the implementation of all EU Directives, the specificities of the Services Directive made it necessary. First, its wide scope required Member States to carry out a **systematic and comprehensive review of their legislation**. Second, the Directive gave Member States the task of **assessing a number of legal requirements typically imposed on service providers**: requirements on the establishment (such as authorisation schemes, territorial restrictions or capital ownership restrictions) and requirements on the cross border provision of services (such as registration, notification or insurance obligations). Member States had to review and assess these requirements against certain criteria set out in the Directive to see if they should be maintained, needed to be modified, or had to be abolished.

In view of **the** magnitude and complexity of these tasks, **the exchange of information and experience and the "peer review" allowed by the "mutual evaluation" process were key** to engage all Member States on the path of successful implementation of this ambitious piece of legislation. It is worth noting, however, that certain implementation related questions – such as the setting up of the "Points of Single Contact" – did not form part of this exercise.

In October 2009, at **the High Level Group of the Competitiveness Council, the Commission and Member States agreed on the methodology** to use for what was to be a major exercise involving 30 countries¹⁰ and covering close to 35.000 requirements. **Work started in 2010** with Member States meeting between January and March in **"clusters"** of five countries each to discuss the situation in those individual countries and prepare further discussions. It then continued between March and October with **"plenary meetings"** at which

⁹ "Expected economic benefits of the European Services Directive", Netherlands Bureau for Economic Policy Analysis (CPB), November 2007.

¹⁰ The three EFTA countries part of the EEA Agreement - Iceland, Lichtenstein and Norway- also participated.

specific requirements and the main services sectors covered by the Directive were examined¹¹. Interested parties were called upon to provide their views in a **public consultation** which was conducted between the end of June and mid September 2010.

4. THE KEY FINDINGS OF THE PROCESS OF MUTUAL EVALUATION

4.1. What has been achieved?

The overall assessment of the "mutual evaluation" process is very positive. By putting in place a **structured dialogue** between Member States it has created **transparency** as to the results of the implementation of the Services Directive and it has helped identify and promote **good regulatory practices**. Discussions have also helped to foster a **habit of dialogue**. Contact and exchange of information between Member States (from bilateral and "clusters" contacts to larger groups) have multiplied all along the process and have been key to its results.

The process of mutual evaluation has also allowed the drawing up of a **detailed picture of the state of an important part of the Single Market for services**. It has been the first time that Member States and the Commission have carried out together a thorough assessment of national rules affecting service activities. This concerned rules at national, regional and local level as well as rules set by professional associations with regulatory powers. In that respect, mutual evaluation has had an unprecedented **"Single Market effect" within Member States** as all levels of national administrations were called upon to critically assess their own rules and those existing in other Member States from a Single Market perspective.

Finally, this process has also proven to be a valuable tool to identify **remaining obstacles** for the Single Market and to lay the basis for **future policy** actions in the service sector. All this was possible thanks to the **active involvement of Member States**, who took ownership of the process and actively participated in it.

4.2. What remains to be done?

Discussions with Member States and stakeholders' contributions have shown that **the Single Market remains a work in progress in certain service sectors**, in particular as far as the cross-border provision of services is concerned.

Part of the problem seems to be that a number of **EU rules adopted over the years to help the functioning of the Single Market for services are not being used to their full extent and are, at times, implemented or applied inconsistently**. Services are often subject to a number of different EU instruments. Some of them apply in a horizontal manner like the Services Directive or the E-commerce Directive¹². Others such as the Directive on the

¹¹ The following services sectors were identified by Member States as a priority: construction and property related services, tourism and related services, food and beverage services, services of regulated professions, wholesale and retail services, business services and private education services. The Services Directive Committee was informed on the results of the process at its meeting of 15 October 2010.

¹² Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, (OJ L 178, 17.7.2000, p.1).

Recognition of Professional Qualifications¹³ regulate issues of central relevance to a large number of service activities. There are many other EU instruments which have a very significant impact on the services sector like those regulating business-to-consumer transactions or the protection of the environment. The mutual evaluation has shown that there is sometimes a lack of clarity as to how these instruments interact. Also, sometimes the national implementation/application of these instruments does not seem to take sufficient account of the actual functioning of the Single Market. In practice, this leads to uncertainty as to which rules apply, in particular in the context of cross-border service provision, to the detriment of the ability and willingness of SMEs to operate abroad.

The mutual evaluation has also revealed that remaining difficulties result from the wide use by Member States of the possibility to **reserve certain service activities for certain operators**. There are 800 different activities in the EU that are considered to be regulated professions in one or more Member States and are reserved for providers with specific qualifications. Whilst in certain cases there may be valid policy reasons to justify this practice (for instance because of the complexity of the activities to be performed or their implications for the security or safety of the consumer), this does not seem to be always the case. Many activities are regulated in only a few Member States and more than 25% of them are regulated in just one Member State (for instance in the case of the services of photographers, barmen, corset makers or chambermaids). This issue has probably been the one most frequently mentioned by Member States as a barrier for the functioning of the Single Market, in particular for cross-border services, notably between Member States where the activity is not regulated and Member States where the activity is regulated (for instance, a self-employed photographer may not be able to photograph a corporate event happening in a Member State which reserves this activity to persons with specific professional qualifications in photography unless he can prove that he has at least two years of prior professional experience). Member States have also highlighted the fact that in some sectors, e.g. construction, there seems to be a high number of regulated “specialisations” whose relevance may be questioned because of the costly market fragmentation they provoke and which may constitute a hindrance to the provision of high quality services (for instance, someone with the qualification of “electrical technician” who may face difficulties when wanting to provide services in another Member State where certain of his activities would be reserved to a different regulated profession, such as “electrical equipment installers”).

Discussions during the mutual evaluation also raised questions related to **legal form requirements** (for instance, restrictions as to the legal forms available to operators taking up certain activities such as a prohibition on providers of crafts services to take the form of limited liability companies) and **capital ownership requirements** (for instance, obligations to have specific qualifications in order to hold share capital in companies providing certain services such as the rule that one must be a qualified tax advisor to hold capital in a company offering tax advice services). Whilst there may be valid policy reasons behind some of these requirements (for instance ensuring the independence or the personal involvement of the service provider) they nonetheless create barriers to the functioning of the Single Market for services. Despite the improvements attained through the implementation of the Services Directive, important differences remain. Consequently, the justification and/or the proportionality of certain rules was intensely debated during the mutual evaluation. Limitations on the available legal forms are often the cause of difficulties for companies or

¹³ Directive 2005/36/EC of the European Parliament and the Council of 7 September 2005 on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22).

professionals wanting to establish in another Member State as they restrict their choice of the most appropriate vehicle for purposes such as taxation or financing. Requirements relating to capital ownership may result in reduced options for the acquisition of financing and in limitations on available business models. Finally, the application of legal form or capital ownership requirements to cross-border provision of services may have particularly restrictive effects such as depriving certain providers of the possibility to offer their services cross-border merely because of the legal form in which they operate.

The mutual evaluation process has also confirmed that **insurance obligations** are often imposed on cross-border service providers by the Member State where the service is provided, disregarding the fact that the provider may already be adequately insured in its place of establishment (for instance a patent agent going to another Member State to submit a patent application for one of its clients back home being required to take out a new insurance policy even if the risk vis-à-vis that client is already insured). In light of the Services Directive, the justification and proportionality of imposing such obligations needed to be assessed in a good number of cases. In the cases where such a requirement can be justified, providers could be faced with a very practical problem: it seems that there are significant difficulties in obtaining insurance for cross-border service activities (insurance may be difficult to find on the market or may be subject to highly onerous conditions). This was highlighted during the mutual evaluation process as an issue creating significant problems for the cross border provision of services in sectors such as business services or construction.

Finally, the mutual evaluation process confirms the need to make the Single Market for services a more concrete reality on the ground, keeping in mind that it is shaped by the simultaneous application of a multitude of rules at regional and local level in an increasingly large and diverse Union. **We need more dialogue** (with and between Member States' administrations as well as between administrations and service providers) on issues that are central to the Single Market such as the freedom to provide services, **and more transparency** to avoid as much as possible the emergence of new barriers. The complexity of a large Union also increases the importance of **enforcement at national level**, in particular ensuring that service providers have effective, fast and affordable means of redress at national level to enforce their Single Market rights.

5. THE WAY FORWARD: ACTIONS FOR FURTHER DEEPENING THE SINGLE MARKET FOR SERVICES

The key findings of the mutual evaluation demonstrate that the Commission needs to take further steps to enable the European economy to fully benefit from the potential of the Single Market for services.

As a matter of **priority**, the Commission will continue and step up work with Member States on an individual basis so as to **achieve a complete and correct transposition and implementation of the Services Directive in all Member States**. In the first half of 2011, the Commission will carry out a series of bilateral meetings with those Member States where there are strong indications of incorrect or incomplete implementation of the Services Directive. When needed, formal enforcement measures will be taken.

In parallel, a **first economic assessment** of the actual implementation of the Directive and of its impact on the functioning of the services markets will be carried out by the Commission in 2011.

In addition, the Commission, building on the *acquis*, will take a number of additional measures to take the Single Market for services forward.

5.1. A Single Market "performance check" for services

Together with Member States, the Commission will undertake a "**performance check**" of the Single Market for services. The aim here will be to assess the situation from the perspective of the users of the Single Market, such as the company that wants to open a subsidiary in another Member State, the self-employed person who wants to provide services across borders, the SME or the consumer seeking to use services provided by someone established in another Member State. The "performance check" should provide an **assessment of how different pieces of EU legislation are applied and how they work on the ground**.

In order to get a realistic and useful overview of the functioning of the Single Market for services through the "performance check", it will be necessary to take account of EU instruments beyond the Services Directive. Furthermore, the "performance check" should not be carried out in the abstract but rather on the basis of concrete sectors and activities (practical case studies) which will illustrate how the Single Market works and in what areas problems remain. The idea would be to define a set of practical scenarios in specific sectors where businesses and citizens most often confront poor functioning of the Single Market and to prioritise sectors on the basis of employment and growth potential. This does not mean however that the results of the performance check will only be of relevance for those specific sectors. In view of the often cross-cutting nature of the barriers in the services sector and the legislative instruments applicable to it, the "performance check" will also be useful to identify issues of a horizontal nature. On the basis of the mutual evaluation process, it would seem that services in the construction sector, the tourism sector and the business services sector are likely to be good candidates for the "performance check". In operational terms, the "performance check" should bring together different Commission services and the relevant departments of Member States' administrations. They will work together to assess the difficulties in joint application, at national level, of EU instruments, the reasons for the difficulties and possible solutions. The analysis should be supported by evidence of how specific sectors work in practice¹⁴, and should include contributions from stakeholders.

The "performance check" should allow the formulation of **sector-specific conclusions on the functioning of the Single Market for services** and, where necessary, identify the need for other actions, including legislative intervention if required

In 2011, based on Member States' input as to the specific sectors that should be examined, the Commission will launch the "performance check" of the Single Market for services. The aim will be to finalise it within one year with a view to report on the results to the European Parliament and to the Council and, if required, propose further measures by the end of 2012.

¹⁴ The Commission Consumer Market Scoreboard for instance provides very useful information as regards the practical functioning of service markets from the point of view of consumers.

5.2. Targeted actions aimed at tackling remaining regulatory barriers unjustifiably hindering the potential of the Single Market for services

The mutual evaluation process has identified several **specific issues** which seem to cause difficulties for businesses and citizens in the Single Market and **which merit examination in more detail**. The identification and evaluation of the extent of these difficulties should be discussed during the "performance check". In parallel, the Commission will work specifically on them to further assess the situation and the need to take specific actions at the EU level.

- The Commission will launch an assessment of the issue of **reserves of activity** focussing in particular on areas where the link with the professional qualification required warrants further discussion. This should be done in view of the need to achieve more integrated services markets offering high quality services as demanded by service recipients. On the basis of this assessment and the findings of the "performance check", the Commission will decide by 2012 on possible specific initiatives.

- The Commission will launch an assessment to better understand the manner in which restrictions on **capital ownership** and **legal form** affect certain services sectors and to gather evidence on the economic effects of these rules. On the basis of this assessment and the findings of the "performance check" the Commission will decide by 2012 on possible specific initiatives.

- The difficulties for cross-border service providers resulting from **insurance requirements** should be examined first with stakeholders, including the insurance industry, with a view to finding practical solutions. On the basis of this assessment and the findings of the "performance check" the Commission will decide by 2012 on possible specific initiatives.

5.3. Targeted actions to make the Single Market for services a more concrete reality on the ground

In order to ensure that the **freedom to provide services clause** in Article 16 of the Services Directive is **applied properly** and consistently in all Member States, the Commission will closely monitor its application and discuss its findings with all Member States. This process can be built upon the Services Directive itself, which already foresees that the Commission reports on the functioning of this clause. The monitoring should, to a large extent, be based on the collection of information and views from Member States and stakeholders.

The Commission will issue annual guidance on the application by Member States of the freedom to provide services clause and the evolution of cross-border service provision in the Single Market. The first of such annual guidance should be issued by the end of 2011.

Going forward, it is also essential to **enhance transparency to avoid new regulatory barriers**. An obligation on Member States to notify new establishment requirements and requirements affecting the free movement of services is already in the Services Directive. There is an immediate need to consolidate this obligation by providing guidance to Member States' administrations on how to use it. Subsequently, it would be important to assess whether a targeted extension of its scope of application is warranted.

In 2011, the Commission will work with Member States to consolidate the notification system in the Services Directive and to help providing guidance to national administrations as to its operation. By the end of 2012, the Commission will report on the functioning of the system and the need for a targeted extension of its scope of application.

Finally, we need to **help** service providers, in particular **SMEs, to enforce their rights in the Single Market so as** to ensure they do not give up on testing markets across borders simply because it is made too difficult by regulatory barriers. The SOLVIT network already plays an important role in this respect by providing informal solutions to problems encountered with public authorities. Going beyond this type of alternative dispute resolution mechanisms, the possibility to propose measures to ensure easy-to-use, fast and affordable redress at national level for breach of Single Market rights should be considered.

The Commission will assess the effectiveness of means of redress available at national level to service providers for breach of their Single Market rights by national administrations and decide on next steps by the end of 2012.

6. CONCLUSIONS

The implementation of the Services Directive is an important step towards a better functioning Single Market for services. But more remains to be done. Building upon the process of mutual evaluation of the Services Directive, this Communication proposes a set of actions with the ultimate goal of deepening the Single Market for services and bringing it closer to the needs of businesses and citizens. This is a shared responsibility and the success of the actions proposed will depend on the commitment of all institutions and stakeholders involved.

| Future actions | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Objectives | Proposed action | Time line |
| Ensure that a complete and correct implementation of the Services Directive effectively contributes to realise the full potential of the Single Market for services. | <ul style="list-style-type: none"> - Engage in a bilateral dialogue with a number of Member States where implementation is lagging behind and, when necessary, adopt formal enforcement measures. - Undertake a first economic assessment of the Services Directive implementation. | <p>First half of 2011</p> <p>End of 2011</p> |
| Make sure that the EU legislation applicable to services is functioning well on the ground and effectively contributes to enhancing services trade in the Single Market. | - Conduct a "Performance Check" of the Single Market for Services. | 2011-2012 |
| Remove remaining obstacles to the functioning of the Single Market for Services. | - Assess the effects of Member States' rules reserving certain activities to providers with specific qualifications and decide on the need for specific initiatives. | By the end of 2012 |
| Remove remaining obstacles to the functioning of the Single Market for Services. | - Assess the effects of restrictions imposed by Member States on the legal form and capital ownership of service providers and decide on the need for specific initiatives. | By the end of 2012 |
| Remove remaining obstacles to the functioning of the Single Market for Services | - Assess the difficulties faced by service providers because of insurance obligations imposed in cross-border situations and decide on the need for specific initiatives. | By the end of 2012 |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| <p>Make sure that business and citizens wanting to provide and to receive services across borders can benefit from the Single Market.</p> | <p>- Provide regular guidance to Member States on the application of the Services Directive freedom to provide services clause.</p> | <p>End of 2011 and then annually</p> |
| <p>Prevent the emergence of new regulatory barriers to services in Member States' legislation.</p> | <p>- Provide assistance to Member States as regards compliance with the notification obligations foreseen in the Services Directive.</p> <p>- Report on the functioning of the Services Directive notifications' obligations and on a possible targeted extension of their scope.</p> | <p>2011</p> <p>By the end of 2012</p> |
| <p>Ensure that service providers, SMEs in particular, can fully benefit from their Single Market rights</p> | <p>- Assess the effectiveness of means of redress available at national level for breach of Single Market rights by national administrations and report on the need for specific initiatives.</p> | <p>By the end of 2012</p> |