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From:	SE Delegation
To:	Council
Subject:	Non paper from the Swedish Delegation: An Action Plan for the Services Sector.

Delegations will find attached a non paper from the Swedish Delegation: An Action Plan for the Services Sector.

An Action Plan for the Services Sector

Sweden calls on the Commission to present an Action Plan for Services in 2022 that builds on the Commission's ongoing work on the free movement of services.¹

As long as there are obstacles to the free movement of services in the EU, both cross-border and through establishment, significant growth potential remains untapped. As the revised industrial strategy clearly emphasises, the services sector is of importance to the economic recovery from the COVID-19 crisis due to its close integration with goods (servicification) and its horizontal nature. Sweden considers that an Action Plan for Services could further strengthen cross-border trade in services and contribute to reaching the objectives of boosting productivity, increased competitiveness, reducing regulatory and administrative burdens, successful twin transitions and improved resilience as set out in relevant strategies.²

Measures to further integrate services in the Single Market should primarily have a horizontal approach. To ensure progress, monitoring by the Commission and the Member States of conformity and corrective measures in cases of non-compliance is crucial. New initiatives should be preceded by a thorough impact assessment, in consultation with industry and other relevant stakeholders, with a demonstrated added value. A follow-up exercise on the Action Plan for Services could be an integrated part of the Annual Reports on the Single Market.

In addition to the Commission's ongoing initiatives with regard to services, Sweden suggests that the following measures, among others, could be included in such a plan:

Increased compliance and effectiveness of the Services Directive. The Services Directive and the Treaty provisions on services promote trade and investment in services by removing regulatory and administrative barriers. While this has led to the removal of several barriers, a substantial number remain. A higher level of ambition is therefore needed from both Member States and the Commission to increase the willingness of Member States to implement the Services Directive as intended, including notification procedures, with the aim of preventing barriers and reducing administrative costs for businesses. To this end the following measures should be considered:

- *Propose a uniform legal framework for conducting proportionality tests* before introducing new, or modifying existing, legislative, regulatory or administrative provisions under the Services Directive.
- *Introduce a Single Notification Window* with a common interface for all notifications under the existing Single Market legislative framework to facilitate and streamline notification procedures.³
- *Publish notifications*, including the proportionality assessment, the results of screening exercises of measures that potentially should have been notified and statistics for each Member State online in a transparent manner on a dedicated website and for example in the Single Market Scoreboard.
- *Support Member States in their efforts to improve the functioning of the Points of Single Contact for Services*, for example by reintroducing the EUGO network for the exchange of best practice. Administrative hurdles and complex procedures in Member States remain one of the main barriers for businesses, especially SMEs.

¹ Most notably the Commission communication on 'Identifying and addressing barriers to the single market' COM(2020) 93, 'Long-term action plan for better implementation and enforcement of single market rules' COM(2020) 94, the European industrial strategy COM(2020) 102, the Updated industrial strategy COM(2021) 350, the Annual Single Market Report SWD(2021) 351 and the summary report from the Commission on 'Mapping and assessment of legal and administrative barriers in the services sector' (April 2021).

² Such as the European industrial strategy COM(2020) 102, the European Green Deal COM(2019) 640, the Fit for 55 package COM(2021) 550, 'Identifying and addressing barriers to the single market' COM(2020) 93 and 'Long-term action plan for better implementation and enforcement of single market rules' COM(2020) 94.

³ See non-paper 'Considerations of Denmark, the Netherlands, and Sweden regarding a Single Notification Window' (2021).

- *Set up a Network on Notifications* that includes experts from the Commission and at national level to facilitate the exchange of knowledge. The Commission could provide training and support on notifications to the network, including publishing the handbook on the implementation of the Services Directive and issue guidelines on the application of the principle of mutual recognition in the Services Directive.
- *Develop an interactive support tool* at the Commission that Member States can use to assess whether regulations are compatible with EU law and notifiable under the Services Directive.
- *Follow up the Annual Reports on Notifications* under the Services Directive with concrete measures and include information on trends in the regulation of services by Member States in order to identify problem areas.

The Commission should use all available tools to enforce compliance and remove identified barriers, including from an ecosystem perspective. It is crucial to follow up already identified barriers in order to ensure compliance in the area of services. Meanwhile, more and more industries are increasingly using and offering services to stay competitive. It is central that the ecosystem approach better reflects the importance of services as this will lead to a more thorough mapping of barriers. To this end the following measures should be considered:

- *Follow up already identified barriers* in several conducted studies and published reports with concrete measures, for example in the Single Market Enforcement Taskforce (SMET).⁴
- *Address services in the ecosystems* through an in-depth description of services in each ecosystem, with a focus on horizontal services, identified barriers within the ecosystems and primarily horizontal non-sector specific solutions. This could be important for the further integration of the Single Market as well as demonstrating how barriers affect value chains and the green and digital transition.
- *Ensure that the Commission's upcoming review of the Geo-blocking Regulation* is comprehensive with a view to remove barriers to e-commerce.

Increase the mobility of professionals. Regulated professional services are part of many sectors in the economy and enhance production of goods through 'servicification'. The regulation of professional services varies among Member States leading to unwanted effects for the mobility of professionals. In order to enhance and facilitate the free movement of professionals, the following measures should be considered:

- *Continue to assess requirements* for service providers and regulated professions set by Member States' national law in order to address disproportionate requirements.
- *Coordinate and propose a concrete follow-up exercise* with regard to the updated reform recommendations on regulation of seven professional business services, published in July 2021.
- *Assess and coordinate possible ways to extend the Common Training Framework and the European Professional Card* under the Professional Qualifications Directive to cover more professions.

Finally, while the objective of this paper is to propose measures to be considered in the near future, it is not intended to be exhaustive. Sweden is currently assessing other ideas that could further contribute to the proper functioning of the Single Market. Meanwhile, Sweden welcomes further discussions with the Commission, Member States and other stakeholders on this topic.

⁴ Such as the 2018 retail communication COM(2018) 219, 'Identifying and addressing barriers to the single market' COM(2020) 93, 'Long-term action plan for better implementation and enforcement of single market rules' COM(2020) 94 and the summary report from the Commission on 'Mapping and assessment of legal and administrative barriers in the services sector' (April 2021).