



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Coreper / Council

Subject: **Competitiveness Council 25-26 May 2010**
Services Directive
- Presidency report on the mutual evaluation process

Delegations will find attached a Presidency report on the mutual evaluation process under Article 39 of the Services Directive.

**PRESIDENCY REPORT ON THE MUTUAL EVALUATION PROCESS UNDER
ARTICLE 39 OF THE SERVICES DIRECTIVE**

COMPETITIVENESS COUNCIL MEETING OF 25 MAY 2010

State of play of the mutual evaluation exercise

The mutual evaluation process foreseen by the Services Directive is being conducted in accordance with the common methodology agreed at the High Level Group for Competitiveness and Growth meeting of October 2009, as follows:

1. As a first step, Member States provided in January 2010 a brief overview of the main results of their screening results contained in the IPM database.
2. As a second step, which was conducted between 20th January and 24th March, Member States met in small working groups (clusters) of five countries to discuss and assess the situation in those Member States, focusing in specific areas/requirements. These meetings in small groups, where the Commission sat as an observer, were meant to facilitate exchange of views and allow a more in-depth peer review. All cluster groups produced final reports of their findings.
3. As a third step, which began on 25th March and shall end in October, the Commission is organising (monthly) plenary meetings with all Member States. Each meeting is dedicated to discussing specific areas/requirements. The first meeting, which took place on 25 March focused on member States carrying out an overall review of their cluster group discussions, and presenting to other member States their preliminary conclusions.

The Commission is required under article 39(4) of the Directive to submit a mutual evaluation report to the Parliament and Council by 28 December 2010, accompanied where appropriate by proposals for additional initiatives.

High Level Group meeting of 22 March 2010

A first review of the progress of the mutual evaluation process was undertaken by the "High Level Group" for Competitiveness and Growth, held in Brussels on 22 March 2010. Member States expressed their support to the ongoing process and their satisfaction with the functioning so far of the chosen methodology.

In particular, Member States valued and supported the work carried out by the small cluster groups, which were considered very helpful for the purposes of allowing all member States to be actively involved in the mutual evaluation process as well as for achieving a better understanding of each other's requirements for service provision. Participants agreed that it was time to focus on the plenary meetings which should build on the preliminary discussions/findings of the work in clusters.

The Presidency considers that three issues which were raised by Member States should be highlighted, in particular:

- (i) Member States have invested a great deal of time and resources on the implementation of the Directive. This is why the Commission was requested to reflect in its article 39.4 SD report to be issued by the end of the year, the positive achievements as a result of the implementation of the Services Directive.
- (ii) The need to raise the political profile of the mutual evaluation, stressing that such process should be closely linked to the horizontal internal market policies which are currently being developed, such as Europe 2020 and the follow up to the report by Professor Monti.
- (iii) Member States invited the Commission to use the mutual evaluation as a policy tool to identify and address the possibility of taking further action in the field of services.

The Presidency views the mutual evaluation process as a key project that should help identifying additional initiatives to further improve the functioning of the internal market for services, be them of a legislative or non-legislative nature.

Therefore, the Presidency invites the Commission to take into account the issues highlighted in (i) to (ii) above when completing its article 39.4 SD report, as well as when developing further internal market policies.