

Position on a European Services Passport

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Introduction

The European Business Services Alliance, EBSA, welcomes the European Commission's efforts to strengthen the Internal Market for Services in general. Business services represents around 12% of the European economy¹ and are key drivers in increasing European productivity and transforming the European economy. The Commission's focus on further advancing the cross-border trade within business services could bring substantial benefits to Europe as a whole and to European business services operators specifically.

The Commission with its Single Market Strategy launched the idea of a European Services Passport aimed at reducing administrative burdens and facilitating the cross-border provision of services in the Internal Market for Services. Business services such as architecture, engineering and the construction sector has been singled out as possible beneficiaries of such a passport.

EBSA overall supports the efforts of the Commission in relation to the strengthening of the Internal Market for Services. EBSA finds that the concept of a Services Passport could lead to potential benefits for European business services providers. This potential is linked to two key aspects; first a substantial reduction of red tape and administrative burdens and second the voluntary nature of a Services Passport from the business side. The need to address regulatory barriers as well as insurance issues should be explored further.

Reducing Administrative Burdens

As pointed out by the 2014 report of the High Level Group on Business Services, substantial administrative burdens still hamper and sometimes even prevents business services operators from venturing into cross-border provision of services. Administrative burdens have various forms such as:

- cumbersome means of interaction with public authorities in other Member States, most prominently the lack of e-government,
- costly translation requirements,
- in-transparent rules on e.g. corporate structure requirements, taxation requirements, insurance requirements, and
- reproduction or production of insignificant certificates etc.

¹ High Level Group on Business Services, Final Report, April 2014, European Union

A Services Passport that would function to alleviate these administrative burdens could benefit business services operators opting to use it. Especially for the temporary provision of cross-border services, it could be interesting, as these are most vulnerable to cross-border barriers.

EBSA believes that Member States should be obliged to work closer together to facilitate cross-border trade in services. It would thus be beneficial for service providers if their home Member State would be the interlocutor for dealings with a potential host Member State. This would greatly alleviate the administrative burdens put on the business community, and allow public authorities to understand better the functioning of their own administrative procedures. In time, this could potentially lead to an overall reduction of transaction costs in the economy, benefitting the European economy at large.

Voluntary Nature

A Services Passport will be a success only if two preconditions are met. First, the passport must be mandatory for Member States. Second, the passport must be voluntary for businesses.

The full commitment from Member States to act as interlocutors must be secured, otherwise the administrative burdens will not be alleviated for businesses, and the uptake of the passport could be severely diminished – to the point of void. Therefore, the passport should be mandatory for Member States. Increased transaction costs incurred by Member States could be removed by removing unnecessary burdens that pertains, and to make procedures available online.

If carved out properly, EBSA believes that the passport could become popular amongst business service providers. However, it should be an option for companies to choose the use of the passport. Some companies for various reasons may opt to continue to deal with host Member States authorities directly. This option should of course still be possible.

Coverage

EBSA finds that the Commission has chosen a good approach by focusing on a few sectors in the initial phase of creating a Services Passport. Should a Services Passport become a success in the sectors initially chosen for application, EBSA supports introducing it for a range of business services covered by the Services Directive in the future.