

EUROPEAN ECONOMIC AREA

STANDING COMMITTEE OF THE EFTA STATES

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SUBCOMMITTEE IV ON FLANKING AND HORIZONTAL POLICIES

EEA EFTA Comment

on the forthcoming proposal introducing a Services Passport

1. INTRODUCTION

1. The EEA EFTA States refer to the Single Market Strategy presented by the European Commission on 28 October 2015. Reference is given in particular to Chapter 2.3. *Making the market without borders for services a practical reality*, and the action stating that the Commission will launch a legislative initiative introducing a Services Passport. Reference is also made to the ongoing public consultation on a proposal to introduce a Services Passport and to address regulatory barriers in the construction and business services sectors.
2. The EEA EFTA States support the Commission's commitment to unleash the full potential of the Single Market for Services, and believe that better application of existing tools and principles will benefit the functioning of the services sector across the European Economic Area. The EEA EFTA States call for impactful actions to further facilitate and thus increase cross-border trade in key services sectors.
3. With regard to the completion of the proposal on the Services Passport, the EEA EFTA States would like to draw the Commission's attention to important issues that should be taken into account.
4. These comments are given without prejudice to further comments from the EEA EFTA States on the upcoming proposal on the Services Passport.

2. GENERAL REMARKS

5. The EEA EFTA States support the idea of introducing a Services Passport as a useful tool for service providers in demonstrating their compliance with requirements in the host state. Additionally, the Services Passport can serve as an instrument for the host state in enforcing its regulations in the services sectors – also for cross-border activities.

6. In regulating the Internal Market, unnecessary administrative and regulatory burdens should be avoided. It is essential that the Services Passport is designed in such a way that it **contributes to the further implementation of and compliance with existing legislation**, and reduces red tape.
7. The Services Passport should build on and facilitate the **once-only principle**, ensuring that information already submitted by the service provider is made accessible, to the extent needed, to competent authorities in other EEA States. Use of the Services Passport should be **voluntary** for service providers.

3. SCOPE

8. The EEA EFTA States believe that the Services Passport should be given a broad scope. As a starting point, however, it may be appropriate to implement it in **the construction sector and key business services sectors**. Future extensions to other services sectors should be assessed in close cooperation with the EEA States and stakeholders. The EEA EFTA States underline that the introduction of the Services Passport should not affect labour law or fundamental rights regarding collective agreements and industrial action.

4. CONTENT AND DESIGN

9. The success of the Services Passport will depend on its final design, functionalities and content. It should be **fully electronic** and based on existing tools such as the **Internal Market Information System**. The passport procedure should facilitate **interoperability** with relevant national electronic procedures. The shaping of the passport will benefit from taking into account experience already gained from the newly introduced European Professional Card.
10. The passport should **reduce administrative burdens** for service providers by making it easier and less time consuming to identify the requirements that the company must comply with in the host state. Furthermore, the passport should make it simpler to submit this information. The Point of Single Contact is based on the principle that it should be possible to complete all procedures regarding access to services activities by **electronic means**, and the same should apply to the Services Passport. The two should thus be designed to complement each other and enhance the functionality of both.
11. The Services Passport must be designed to reflect the **requirements and principles established by the Services Directive**, which has its tenth anniversary this year. It should, for example, aim to implement Articles 15 and 16 of the Directive. Listing national requirements in a Services Passport should not affect the continuing work of removing national regulations that are not in line with the Services Directive: unjustified barriers should be removed.
12. The EEA EFTA States note the Commission's focus on **reducing regulatory burdens** which will enhance European competitiveness. Measures should be taken in order to avoid barriers related to legal forms and shareholding.

13. The EEA EFTA States reaffirm their support for considering the extent to which the principle of mutual recognition can be applied to services, and believe that **mutual recognition** could also be a tool in the field of services. This should be further assessed when designing the Services Passport. In this regard, it should be clarified how to handle situations where the requirements in the home state differ from those in the host state. The Services Directive establishes that conditions for granting authorisations for a new establishment shall not duplicate requirements and controls equivalent to those already fulfilled by the service provider. The Services Passport should make this a reality.
14. The EEA EFTA States highlight the need for the Services Passport to build on **the role of the host state** as responsible for monitoring compliance with its justified requirements. The passport should be a tool for this purpose. The Services Passport may thus enhance the quality of European services and mitigate any concerns about cross-border service provision reducing the quality and safety of services. In this way, it will facilitate the work of authorities whilst reducing administrative burdens for service providers and improving trust in the Internal Market for Services.

5. FINAL REMARKS

15. The EEA EFTA States would like to take this opportunity to highlight the additional positive effects that the introduction of a Services Passport may have on the Single Market for Services. Through improved transparency and more accessible information about the requirements in both the home and host states, the Services Passport will contribute to building trust between authorities in the EEA States. The host state will be given a tool to ensure that visiting services companies fulfil the justified requirements for providing services.
16. A well-functioning Services Passport procedure may eventually lead to the exchange of best practices in regulating services sectors among the EEA States. This should enhance the functioning of the Internal Market for Services.