

EBSA'S PRIORITIES FOR THE NEW LEGISLATIVE MANDATE

Presented in Brussels, February 2019

Services account for more than 70% of the GDP in EU, and business services are the fastest growing service industry. Business services represents around 12% of the European economy and are key drivers for increasing European productivity and transforming the economy. In July 2018 the Commission published a study showing that the majority of manufacturing SMEs that have embraced servitisation experienced increases in revenues and profit margins.

*Services should be allowed to thrive in the EU, and this should be further encouraged through adequate EU policy making that follows the needs of this evolving business environment. To ensure the best conditions for a competitive business service sector in the EU, **EBSA is calling upon the new legislature to strengthen the European Single Market for services to unlock the growth and jobs potential of business services. EBSA recommends the following priorities for the new legislative mandate.***

A real single market for services

The Directive on Notifications on Services as well as the Directive on Proportionality Tests have the potential to ensure transparency regarding the national rules on service provisions, to the benefit of companies providing services in several member states. Once finally adopted, it will be essential that these directives are implemented and enforced rigorously in the member states together with the **Services Directive, and EBSA recommends that the Commission remains vigilant in ensuring proper implementation.**

Standards are an important tool to ensure common understanding and foster cross border trust in service providers. EBSA therefore encourages the Commission and CEN to finalise the work on the Horizontal Services Standards.

Recognition of professional qualifications

EBSA's members still far too often experience problems with recognition of professional qualifications across the EU. This is especially a problem when it comes to persons with mixed qualifications, which is more and more common and needed in today's servitised and digitalised economy. **EBSA recommends the Commission to review the Professional Qualifications Directive** to resolve this problem and ensure uptake of Continuing Professional Development. This would facilitate the free movement of labour, and contribute to ensuring access to qualified labour in all member states.

High quality public procurement

EBSA strongly supports the initiatives to reinforce the strategic use of public procurement that were launched by the European Commission in October 2017 and encourages the new Commission and Parliament to continue these efforts. The full potential of the 2014 public procurement reform is yet to be realised and this should remain a key priority for the next legislature.

It is important to encourage shifting the focus from only price considerations for the award of public contracts to **a choice that is based on the best price/quality ratio** thereby enabling fair competition on quality as much as price. To that end, the importance of ensuring adequate professionalisation of public procurers should also remain a key priority. Last, but not least, more can be done to further facilitate the participation by SMEs in public tenders.

Fair competition with public authorities

EBSA's members represent a diverse range of business services that are provided to both public and private clients. In their operations, however, providers of business services experience unfair competition from public bodies that are providing similar services. This competition takes several forms and creates distortions when private companies compete for public contracts and when public bodies decide to provide services, which could have been more efficiently provided by private businesses. EBSA strongly believes that the expertise and innovation of private sector firms better ensure the delivery of quality, on-time services to public clients.

EBSA's members experience four main challenges when it comes to competition from public bodies: in-house public procurement rules, VAT distortions due to exemptions for public bodies, exemptions from bankruptcy and insolvency laws, and unclear price determination. **EBSA strongly**

recommends the new Commission to address these distortions and is convinced that doing so would have a positive impact on the effectiveness of the public sector, growth and job creation in the EU.

Better regulation based on good service statistics

Business service companies face significant regulatory and administrative burdens. EBSA acknowledges the work done by the Juncker Commission in the field of better regulation, and recommends that **the new Commission continues and steps up the good work also in terms of enforcement of the existing laws.** The REFIT Platform should be continued and, in addition, a burden reduction target should be set. Several member states already have such targets with positive results and we encourage the European Union to follow the good practice.

The new framework for integrated business statistics introduces new statistics on services, but there is still a long way to go before we will have a full picture of the importance of (business) services to our economy. This is a big concern for EBSA, and it impedes the European Commission's ability to perform evidence-based policymaking in the field of services. We see it is a priority to correct this imbalance in statistics.

To ensure that the majority of policy is based on solid evidence, it should be a general rule under the new Commission, that legal acts are accompanied by an impact assessment. If the Commission is intervening on the basis of a political priority and therefore without an impact assessment, this should be transparent to the co-legislators and justified. Furthermore, the Regulatory Scrutiny Board should be strengthened and its independence ensured.

Vocational Education and Training – a first choice

Vocational education and training is essential to ensure that our members constantly have access to employees with the right skillset and is a unique tool for social integration. Learning by doing is important, and experience shows, that newly educated persons are more likely to get a job directly in the Member States where vocational training is. Our sector needs well-qualified employees, and with the rapid speed of digitalisation, employees with a mix of “traditional” and digital skills are increasingly in demand. **Support for Vocational Education and Training as well as digital skills should therefore be a priority for the new Commission.**

Clarity on data access and sharing

EBSA's members hold significant amounts of data which they

use to optimise and develop their services. This data is a big investment and can contain business secrets. Due to the importance of the data, many companies are hesitant to use the cloud, as they lack trust in the new technologies and are uncertain about their rights.

EBSA welcomes the guidelines on Business-to-Business sharing of data, the regulation on Platform to Business relations as well as the Free flow of data regulation. These initiatives have set a good framework for data sharing, however, it should be a priority for the new Commission to support the education of cloud service users to reap the benefits of the new technologies while keeping full control over their data.

EBSA is looking forward to the work of the expert group on Business to Government sharing of data. **We urge the Commission to work closely with the experts from industry and revise the Guidelines** on the topic to ensure a more balanced approach, where companies keep the incentives to invest in data-driven business models.

Services contributing to the circular economy

EBSA's members are conscious of their responsibility towards a circular economy and in mitigating the impact of our activities on the environment. We are already giving our contribution by inventing new innovative technologies to perform our services in the most environmentally friendly way.

Unfortunately, our efforts have not always been considered in EU policy making, with counterproductive effects. Case in point are the requirements established by the new Eco-label for cleaning services, which are stifling these positive innovations and impose high bureaucratic and economic burdens on companies and especially on SMEs. **EBSA therefore encourages the Commission to work more closely with the services sector in its future development of existing and new eco-labels** and other instruments to foster the circular economy.



Square de Meeus 22B
1050 Bruxelles
kcw@servicealliance.eu
(+32) 047 605 28 87