

Sir,

The purpose of the proposed EU Services Directive is to address the many loopholes in internal market legislation which prevent businesses from operating across borders. This Directive will be of particular benefit to small and medium-sized businesses which do not have the resources to establish across the EU or ensure compliance across several different regulatory regimes. It will move the EU closer to achieving the goals set by the Lisbon Agenda. For the Communications and E-business industries, it is key to ensuring the continued development of innovative and high value services across the EU.

The lodestone around which this Directive is built is the Country of Origin clause, giving business the legal certainty of knowing that compliance with the laws in the Member State of establishment means compliance with the laws of all Member States.

Critics of this approach make predictions about floods of migrant workers and a race to the bottom in both wage rates and quality of services. But are these predictions made in the name of protection or protectionism?

A balance must be found between ensuring a suitable level of consumer and employee protection and creating an environment of legal certainty in which business can flourish. There is already a well-developed body of consumer and employee protection law in the EU, which is not altered by the Services Directive.

The application of the Country of Origin principle has not weakened laws already in place. It will encourage new players to enter markets outside their own Member State. Without it, businesses will be discouraged by the risks implied from operating in markets other than their own. Similarly, a carve-out for Private International Law in the Directive, as suggested by some Members of the EU Parliament, will ensure a de facto Country of Destination regime and will act as a serious brake on cross-border trading.

Serious legislators should be addressing the critical issue of how to avoid the stagnation of European markets. Europe needs a Services Directive which has not had its heart stripped out. Weakening the Country of Origin clause or allowing a carve-out for Private International Law will do exactly that.

Yours sincerely,

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