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**"Creating a Europe of opportunities"**  
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Ladies and Gentlemen (...)

In order to make the Single Market work better, the Commission considers that priority should be given to three actions. Firstly, better implementation of existing directives and better regulation (notably in favour of SMEs) – even if this means withdrawing proposals when amendments appear to compromise the value of the original proposal. Secondly, we need stricter application of competition policy, and of public procurement rules. Finally, we need to complete the internal market in services through the Services Directive.

Yes - the sharp-eared among you will notice that I mentioned the dreaded 'services' word. The Services Directive has gained some notoriety in recent weeks, and as far as I'm concerned the vigour and intensity of the debate on this is to be welcomed. It shows that democracy in Europe is alive and well and that the emergence of a European public opinion directed towards a European issue is in the making.

The European Parliament, which I addressed on this issue just last week [9/3/05], has made a major contribution to this debate, and the Commission looks forward to forging an active partnership with it on the Services Directive in the future. Reflecting on the debate, I do believe that the Directive can be improved during the co-decision procedure. In particular, understandable fears regarding so-called 'social dumping' need to be addressed. We must also look at the issue of Services of General Interest.

However, while many of those opposed to this Directive have genuine concerns that we must listen to, it is important to remember that such a sector will offer more and better opportunities to the socially excluded and the millions of new people coming onto the job market. As Commissioner McCreevy so succinctly put it when he joined me in the European Parliament last week, we cannot just stand here as the voice of the 'ins' and forget about the 'outs'.

That is why when I say we stand ready to address genuine concerns about the operation of the country of origin principle, for example, this does not imply that we will abandon the principle. The heterogeneity of services means that it would be totally impracticable to legislate for each service. Likewise, the very different provisions in each Member State would make harmonisation very difficult. Therefore, if we are to have a Single Market for services, it will have to be largely on the basis of the country of origin principle, but with appropriate guarantees.

And let us not forget that this principle and its corollary, mutual recognition, are nothing new. They are basic features of the Single Market since at least the famous Commission White Paper of 1985. They are applied in a wide variety of areas, including mutual recognition of qualifications and banking. If there is a problem with administrative capacity in certain Member States, it must be addressed. But this is a general problem for the Single Market and not one specific to the services sector.

The economic studies commissioned by Member States and the Commission are unequivocal about the advantages of opening up the market for services. Real wages will rise, prices will fall, employment will go up. The Copenhagen Economics Study, for example, stated that total economic benefits to consumers and producers would rise by 0.6 per cent or some €37 billion. While productivity improvements would lead to some job losses in certain sectors, total net employment in the EU would rise by some 600,000. Real wages in the EU would rise by 0.4 per cent while the price of services in the EU would fall – by an average of 7.2 per cent in the regulated professions. These are concrete gains we would all benefit from. I will not apologise for trying to realise them. Far from it – in fact the Commission intends to emphasise what is at stake by releasing a study very soon on the economic costs of ‘non-Lisbon’. And for those who dislike this emphasis on economics, let us not forget that it was Schuman himself who spoke of ‘...economic development as a first step in the federation of Europe’.

The reason such extraordinary untapped potential exists is no secret. A Commission survey in 2002 found 91 different barriers to cross-border trade in services. As a result, the single market for services remains highly fragmented. Although services, including public services, account for some 70 per cent of EU GDP and have been the major driver of growth and job creation for over two decades, both cross-border trade and investment remain at a pitiful level. In fact, the level of intra-EU trade in services has not increased at all since 1992. In that time, intra-EU trade in goods has increased by a third and added 1.8 per cent to EU GDP every year.

With the re-launch of the Lisbon Agenda, our role should be to open up opportunities for growth in those areas where greatest potential exists. Today, the greatest unexploited potential clearly lies in services. If we are not able to tap this potential, European workers and consumers will be the real losers.

The Commission in particular sees its role as defending the general interest of all Europe against both sectional and national attempts to undermine it. But to do that, we need support. We need the support of all those who are truly committed to making Europe the best place to work, invest and live.

And there, ladies and gentlemen, lies a genuine opportunity.