



LO case no. 17-2711

FTF case no.

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Our ref. ANI

Your ref.

9 October 2017

## **Position paper from LO, FTF and Akademikerne on the Commission's proposal for a European services e-card**

On 10 January 2017, the European Commission presented its proposal for the introduction of a European services e-card. The proposal consists of a directive, which is to regulate the operational framework for the European services e-card, and a proposed regulation, which aims to regulate the structure of the European services e-card itself.

LO, FTF and Akademikerne support a well-functioning single market – also for services – and we are generally positive towards initiatives that promote fair competition in services when based on decent working conditions and consumer protection. We also support initiatives that can reduce unnecessary administrative burdens for companies and consumers.

Meanwhile, however, it is crucial to us that such initiatives do not lead to cross-border fraud and social dumping. We find it difficult to see the value of the European services e-card when it comes to promoting healthy competition in services in the EU. On the contrary, it risks leading to further circumvention of the rules of the host countries, which can only lead to social dumping and unfair competition.

In our opinion, the proposal does not address the main challenges facing services in the single market. This is particularly true for the need to allow for better monitoring and review of the service providers, ensuring that they observe the rules of the host country.

LO, FTF and Akademikerne believe that the proposal will make it difficult for the authorities of the host country to control whether a service provider actually meets the requirement to pay taxes and social security contributions. Today, we are already witnessing challenges relating to foreign service providers, and it is therefore not appropriate to introduce a proposal that limits the national supervisory powers, including the control of information from other countries' authorities. Restrictions on the controls of the national authorities also, all else being equal, lower consumer protection.

What we find particularly concerning are the provisions in article 5 of the proposed directive, according to which a host Member State cannot impose any authorisation scheme or notification scheme as a condition for the provision of services in its territory if a service provider chooses to use his European services e-card.

It is also inappropriate that the proposal is launched at the same time as the current revision of the directive on the posting of workers. The suggestion that the member state of origin shall be in charge of collecting data for the European services e-card is

in contrast with the enforcement directive's provisions on the host country as the guiding principle.

LO, FTF and Akademikerne find that it is a positive aspect that the government emphasises that Denmark must maintain an efficient supervision of tax affairs and health and safety at work in foreign companies by placing requirements on foreign companies to enter the Register for Foreign Service Providers (RUT). It is crucial for LO, FTF and Akademikerne that Denmark preserves the opportunity to maintain the RUT-register and, at the same time, has the opportunity to extend the register if this is deemed necessary.

It is also deeply concerning that the European services e-card is to draw on the information which is already in the existing Internal Market Information System (IMI). The IMI-information must only be validated by the authorities of the member state of origin, and the host member state cannot put into question the correctness of the information such as the establishment of the company, activities and insurance conditions. In addition to this, there are examples of faulty information in the IMI-registers. Furthermore, the information in IMI is not real-time data – something which is otherwise crucial when monitoring posted companies.

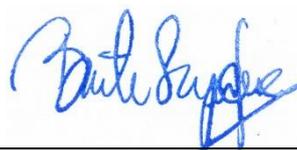
LO, FTF and Akademikerne therefore call for the withdrawal of the proposal and for the Commission to, instead, make efforts to ensure better enforcement of the current rules governing the supply of services in the single market. LO, FTF and Akademikerne therefore also encourage the Danish government not to support an adoption of the proposal.

In this connection, it would be beneficial if the Commission includes the social partners in this area when shaping new proposed legislation. Unfortunately, this has not been the case when shaping the proposal for a European services e-card. On the contrary, the Commission has disregarded strong opposition from the European construction- and insurance organisations – both on the employer-side and the worker-side.



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