

**30<sup>th</sup> May 2006**

**"Litmus test will be success for business" says Labour on Services Directive**

President of the European Parliament's Internal Market and Consumer Affairs committee welcomed last night's agreement on the controversial services directive but warned that the litmus test of the law will be if it delivers for business and consumers.

Welcoming the European Council's agreement, Labour MEP Arlene McCarthy said:

"By signing off this law and opening up the market in services by 2009 across the EU, there will be new opportunities for business and more access to high quality and affordable services for consumers."

But McCarthy warned that the real test of this new law will be whether it can deliver.

"There has been a lot of hype about the benefits of opening the market in services. Last night tough negotiations showed that some EU countries are still unwilling to dismantle the barriers to let business access their markets. They had to be dragged kicking and screaming to get a deal.

"We must make sure that obstacles preventing UK businesses, hairdressers, estate agents, tour operators, plumbers, electricians and architects from getting a foothold in other EU countries are dismantled.

"We need to make sure we get rid of naked protectionism while protecting consumers and employees from poor quality services and poor working conditions."

A crucial part of the deal was to force all member states to justify any requirements placed on service providers to ensure that these are not protectionist measures simply designed to block access to non-national businesses. The Commission will have the duty to monitor and check on an annual basis that member states are not abusing these rules.

Labour is working towards an agreement by the end of the year when the proposal comes back to the European Parliament for second reading. The law should be in place in members states by 2009.

**-ENDS-**