

9 February, 2006

*Dear Charlie,*

We warmly welcome the high priority the Commission, in its Annual Progress Report on Growth and Jobs, gives to achieving “a real EU-wide internal market”. We agree with the Commission that “competitive markets are a pre-requisite to achieving the Lisbon objectives”. The Services Directive has a key role to play here. As you said in Copenhagen last year: “... [T]he Services Directive could create as many as 600,000 new jobs. At a time when all of Europe’s leaders – the Commission, the European Council, the Parliament – have put economic growth and job creation at the top of the agenda, we cannot afford to let this opportunity pass.”

We firmly share the Commission’s view that the case for reform and increased competitiveness is stronger than ever. On current trends, China will be larger than any single European economy by 2008. Competitive markets within the EU are vital to ensure growth, jobs and social justice.

The Commission’s position, following the plenary vote of the European Parliament on 16 February, is a key point in the long discussions on the Services Directive. It will set the framework for the subsequent negotiations in the Council. We believe it important that the Commission sends a clear signal that a truly functioning internal market is vital to improve the EU's competitiveness.

Clearly we need to take pragmatic steps towards progress. All Member States should adopt a constructive approach in future Council discussions. In the quest for compromise, we must remain focussed on the key objective of an effective internal market, while ensuring that legitimate concerns are met. Therefore, we should:

- avoid excluding large sectors of the European economy from mechanisms to remove barriers to establishment.
- avoid watering down the Articles on cross-border service provision.
- address the unnecessary administrative barriers companies face when posting workers abroad, without adding new burdens. The existing Community legislation on Posted Workers already guarantees worker's fundamental rights and conditions. The continued application of the Posted Workers Directive should be stated unambiguously.

Freeing up the market in services offers huge potential rewards. As the President of the Commission stated in Strasbourg last month: "The services sector and small and medium enterprises are the most important drivers for the creation of jobs in Europe. They should receive from political leaders the support they deserve".

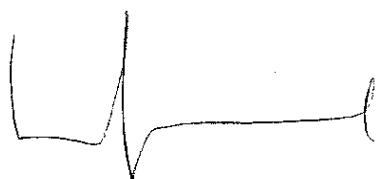
We fully share these views and that is why we send you this letter of support and encouragement.



Alan Johnson, Secretary of State for Trade and Industry, UK



Etele Baráth, Minister for European Affairs, Hungary



Laurens Jan Brinkhorst, Minister of Economic Affairs, The Netherlands



Milan Urban, Minister of Industry and Trade, The Czech Republic



Piotr Grzegorz Wozniak, Minister of Economy, Poland



Alberto Navarro González, Secretary of State for the European Union