EUROPEAN
COMMISSION

Brussels, 1.6.2016
SWD(2016) 186 final

Standardisation package

COMMISSION STAFF WORKING DOCUMENT

Tapping the potential of European service standards to help Europe's consumers and businesses

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

EUROPEAN STANDARDS FOR THE 21ST CENTURY

{COM(2016) 358 final}

I. INTRODUCTION

Europe's service markets could and should be at the heart of Europe's economic revival. Opening up markets for service providers would create more opportunities for those businesses to expand, and increase competition, leading to higher quality and better offer for consumers. It would also enable service providers to play a full role in global value chains, and make it easier for European manufacturers to offer services with their products, with benefits felt across the European economy.

Yet European service providers and manufacturers still face too many barriers to cross-border service provision. Only 6% of Europe's services are traded cross border, against 22% for goods. The European Commission's Single Market Strategy[1] therefore announced a range of measures to deliver an integrated European services market through various initiatives.

Amongst these was promoting the greater development and use of European service standards. These could contribute to services market integration in the same way that product standards have done for the goods market over the past thirty years. Yet the development of such service standards has been much more limited. According to some estimates, they account for only 2% of all EU standards even though the EU services sector contributes to almost 70% of EU GDP.

Furthermore, there have been increasing calls from industry, consumer associations and other stakeholders for a European action on service standards, most notably in the 2014 report of the High Level Group on Business Services[2] as well as from national standard setters[3] and CEN[4], whose strategy to address European standardisation in the field of services is due for completion by the end of 2016.

This Staff Working Document responds to those issues and calls. It is in line with the principles set out in the wider Communication on standardisation "European standards for the 21st Century". It examines the specific challenges for service standards, and sets out a general framework and practical policy solutions to address their specificities. It is without prejudice to the European Standardisation Regulation 1025/2012[5] which sets the legal framework for a long standing partnership between EU, Member States, standardisation organisations and bodies, social and societal stakeholders, and users of standards.

---

[1] Communication from the Commission *Upgrading the Single Market: more opportunities for people and business*, COM(2015) 550 final; http://ec.europa.eu/growth/single-market/index_en.htm

[2] http://ec.europa.eu/growth/single-market/services/business-services/index_en.htm

[3] e.g. the 2015 German standardization roadmap on services available at www.din.de

[4] CEN (European Committee for Standardisation)

[5] OJ L 316, 14.11.2012, p. 12

II. WHY A EUROPEAN APPROACH ON SERVICE STANDARDS IS NEEDED

A. Understanding service standards

According to Article 2(1) of Regulation (EU) No 1025/2012 of the European Pparliament and of the Council of 25 October 2012 on European standardisation, a standard means a technical specification adopted by a recognised standardisation body, for repeated or continuous application with which compliance is not compulsory. A technical specification means a document that prescribes technical requirements to be fulfilled by a product, process, service or system.

A service standard is a standard that specifies requirements to be fulfilled by a service to establish its fitness for purpose[6]. Service standards can include specific measurable requirements on the service itself as well as organisation procedures in place that could be applied repeatedly or continuously to ensure that the defined service level is reached, e.g. by providing definitions, indicators of service quality and their levels or specifying time of delivery, such as the standard on handling customer complaints[7].

It does not necessarily cover *all* of a service: it can cover a part or specific aspect only, such as providing information to customers[8]. Setting standards for part of the service may be relevant for areas where standardising the core service might be difficult or would not be beneficial, for example when the core service is strongly dependent on a personal relation between the service provider and the service recipient.

It can also allow for additional information to be provided to customers and establish service levels or categories, allowing service providers to differentiate themselves and innovate, such as the standard on achieving customer delight through service excellence[9].

Service standards can be established at **national** level by national standards bodies (NSB), at **European** level by the European Standardisation Organisations: CEN, CENELEC or ETSI[10], or at **international** level (by ISO[11]).

Service standards can be of a sectoral or horizontal nature.

---

[6] Whilst this definition covers standards developed on the provision of Information and Communication Technology (ICT), these issues have been extensively covered in the April 2016 Communication "ICT Standardisation Priorities for the Digital Single Market" COM(2016) 176/2 so these are not the focus of this [Communication].

[7] ISO 10002:2014

[8] For example CEN/TS 15511:2008 on information available on postal services

[9] DIN SPEC 77224

[10] CENELEC (European Committee for Electrotechnical Standardisation), ETSI (European Telecommunications Standards Institute)

[11] International Organisation for Standardisation

Sectoral service standards are standards designed and implemented for use by a specific industry sector or business type or at organisations active in an individual sector . They cover elements such as quality of service and best practices, terms and definitions, or processes.

Horizontal service standards are designed to be relevant to service operators or organisations regardless of business type, industry sector, size or locality, and they focus on aspects that are common to all or at least most service sectors .

There are many commonalities between goods and service standards. Both are voluntary, market-driven, based on consensus and developed according to the same process. But there are important differences, such as the fact that services often involve a more human element, are an interactive process and their quality depends on the performance of the person(s) providing the service and the perceptions of the customers and that services specifications often concern processes rather than technical specifications.

The development of European service standards has been relatively recent and limited. While there are different estimations of the exact number, according to the preliminary results of an exercise carried out by CEN , there are currently only around 100 European standardisation documents compared to almost 500 national ones. This constitutes less than 20% of all service standards. Service standards account for only 1-2% of all European standards.

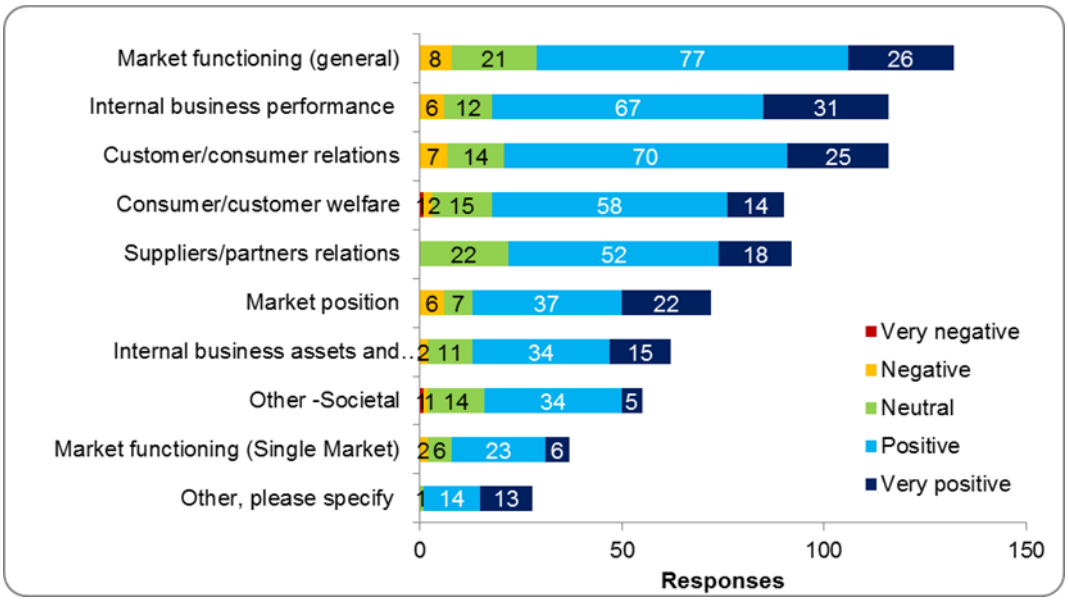
This may be due to a number of factors. On the one hand, service markets are less integrated at EU level than goods markets and sector-specific EU legislation for services is limited to a few sectors[12] and it does not often refer to standards to help ensure compliance. On the other hand, contacts with stakeholders highlighted that there may be a lack of awareness in the services sector of the potential of service standards, together with businesses' concerns over what exactly service standards entail, the costs involved, and how they will be developed.

Nevertheless, where European service standards have been developed, they have mostly found wide market acceptance and use[13]. A 2012[14] survey showed that businesses see the benefits of service standardisation mostly in service quality improvements and the ability to demonstrate it to customers. Service standards were also seen by the respondents as enhancing understanding and communication through common definitions/terminology, improved contractual relationships and improved transparency of service. The benefits were felt more often by small companies.

[12] E.g. postal services

[13] For instance, there has been wide uptake of standards on public transport, facility management and maintenance services.

[14] Study on the implementation of service standards and their impact on service providers and users, Technopolis, 2012



Question: Please indicate whether the use of this standard has impacted your organisation in a positive or negative way

The increased development and use of voluntary European service standards would foster cross-border service provision and service markets integration and help tap the potential of the services sector for the European economy. Moreover, they would help bring down barriers from the use of national service standards and certification schemes.

B. Using service standards to tap the potential of the services sector

The role of service standards was recognised by the 2006 Services Directive[15] and taken into account by the EU legislator with the adoption of Regulation n° 1025/2012 whose scope comprises standards for services[16]. European service standards can contribute to the development of the EU services market[17] in various ways.

First, they can raise quality, including safety, and act as an incentive to meet minimum levels (and go beyond) e.g. Spanish standards for public passenger transport[18]. These standards include minimum quality requirements, cover facilities and service delivery, define terminology and propose methods to measure and monitor quality.

Second, service standards help improve transparency, communication and interoperability by setting commonly agreed definitions as well as defining requirements for the service

---

15 Article 26(5) states that:
"*Member States, in cooperation with the Commission, shall encourage the development of voluntary European standards with the aim of facilitating compatibility between services supplied by providers in different Member States, information to the recipient and the quality of service provision*."

16 Cf. Article 1 and Recital 10.

17 As reported in the Modernised Standards System Communication, studies show that the impact of (goods and services) standards on annual GDP growth could range from 0.3 to 1 percentage point.

18 UNE-EN13816:2003 "Transport. Logistics and services. Public passenger transport. Definition of service quality, objectives and measurements" and a series of three UNE 152001:2007 standards establishing a service quality reference in the implementation of the UNE-EN 13816

provision. An example is a recent French standard on thalassotherapy[19], which establishes a definition for the main service and for the associated ones. They can also specify provisions and procedures aimed at improving relationships between a service provider and buyer, for example in the maintenance of financial services customer data, which helps companies demonstrate that due processes are in place.

Third, they can reduce costs and open up markets for businesses, reducing operating burdens, such as in the area of facility management[20].

Fourth, there are benefits from the positive signal that a company's adoption of a standard sends to its customers and competitors, which increases confidence in cross-border transactions and makes it more likely that they take place. This is particularly useful for SMEs and start-ups who often lack the expertise to work out certain processes or requirements and who might not have the brand recognition of more established corporates.

Fifth, service standards can help open up markets where services are closely linked to products such as after-sales services or high-value innovative services. This linked provision (often referred to as 'servitisation' or 'servicification') is increasing rapidly, spurred by advanced digital technology. However, even when linked to harmonised goods, these services are generally not covered by the relevant product standards. In such areas where services are provided alongside goods – and especially those where the service becomes effectively indispensable to the provision of the good – the absence of an agreed service standard can mean that the sale of the good itself is restricted in practice or is made difficult, which may raise its price.

Sixth, in some cases, demonstrating conformity with service standards can provide service providers with the most efficient way to comply with requirements set out in national or EU legislation.

These benefits are felt not just by companies of all sizes, but by their clients and customers, for whom they provide greater safety, security and reliability. European service standards also benefit public authorities for many of the same reasons, giving them reassurance about the quality and safety of service provided by entrants to their market. They can be helpful for public procurement procedures, because they can enable procurers to define their service requirements precisely, whilst giving foreign bidders the opportunity to show that they comply.

C. Barriers faced by European service providers

Despite these benefits, a number of barriers involving national service standards and certification schemes were referred to in a recent stakeholder consultation exercise. One out of five companies claimed that they had experienced problems linked specifically to service

[19] XP X50-844 of December 2014, Thalassotherapy – Requirements for service delivery

20 EN 15221-2:2006 Guidance on how to prepare Facility Management agreements

standards and certificates when providing or trying to provide services in another Member State. [21]

Such barriers emerge when companies wishing to establish or to provide cross-border services abroad have to comply with different requirements. A 2012 study on services certification[22] identified 16 sub-areas of services where two or more certification schemes were operating that linked to standards at different level (national, European, international) and/or in different countries. In some cases, more than ten schemes were identified in the same sub-area, and in some sub-areas, schemes were identified in as many as seven different countries.

There are two types of barriers resulting from standards and certificates:

First, national and local authorities may require foreign companies to comply with national standards and/or to obtain a national certificate based on a national certification scheme as a condition for access to their market. They may do so even if the companies already carry a certificate for the same activity issued in their home Member State or were otherwise subjected to similar requirements there. In certain cases, even when an undertaking already complies with a European standard, it may need to carry the costs and the burden of re-certification in one or several host Member States. This is particularly burdensome for SMEs.

Second, standards can in certain cases act as barriers to market access even when there are no formal requirements. The existence and proliferation of national service standards and national certification schemes can make it harder for service providers from another country to enter a market where those standards or certifications are widespread and compliance with such standards or certification schemes is expected by the customer, purchaser or financing entity.

A further complication arises where the service is linked to a product, even where an European standard for the product exists, Member States may ask for additional national certification to provide the related service. For example, a security system provider might comply with all the technical specifications and product standards required for the cross-border sale of the system, but in the absence of a complementary European standard for installation or maintenance, face a variety of restrictions and national requirements for certificates.

Finally, market operators have difficulties identifying and understanding often inconsistent national requirements for the provision of services.

III. THE WAY FORWARD

To support the development and use of European service standards and to address the issues highlighted above, the Commission services propose a mix of actions aiming at

[21] Carried out in the frame of 2014 Single Market Forum exercise
[22] Technopolis "A study on services certification linked to service standards at national level in Europe", 2012

A. An enhanced approach to the prioritisation and development of European service standards based on a framework for the monitoring of national service standards;
B. Reduction of related national obstacles; and
C. More effective information to service providers.

A. A framework for the development of European service standards

For all types of standards, the initiative for their introduction at European level lies largely with stakeholders and national standardisation bodies, in cooperation with European Standardisation Organisations (ESOs). Nevertheless, in certain cases the Commission may request ESOs in accordance with Regulation 1025/2012, to develop European standards in a particular area. The Commission has already done so for the development of horizontal service standards, will monitor their development and will review whether there is a case for the development of new horizontal standards. It can also ask standard setters to consider developing standards in a particular area even without a formal mandate.

To spur a greater development of European service standards, there would be benefit in an additional set of steps. With the support of the Commission, CEN has already embarked on a comprehensive mapping of European, international and national service standards. This detailed list of standards should be completed by the end of 2016 and should be updated on a constant basis.

Building on this, the Commission services propose the following steps:

i. In cooperation with stakeholders and the Commission, on an annual basis CEN could provide an overview of such standards, and complement it with an analysis of national standardisers' work programmes. Such a **systematic monitoring** process could allow the ESOs, the Commission and stakeholders to spot areas of conflict or duplication between *existing* national service standards as well as areas where one or more national bodies are developing *new* national standards and where there could be conflict or duplication. This exercise could also help detect potential gaps where no standards are being developed despite it being a clear European policy priority (e.g. on product-service packages).

ii. On this basis, CEN would issue an annual list of areas of potential conflict or duplication between national service standards or where there are potential gaps where European service standards could be developed. The Commission services will carry out an independent analysis of whether there are areas of conflict or duplication between national service standards or where there are potential policy gaps with respect to the ten Commission Priorities. It will report on an annual basis as part of the regular reporting to the European Parliament and the Council on the implementation of EU standardisation policy announced in the 'European Standards for the 21st Century' Communication.

These two **reports** would then be reviewed by all relevant parties and would be a basis to **identify specific areas** where a European standard could be developed.

iii. These areas would then need to be **prioritised** on an annual basis. To assist this, and within the existing governance process, the Commission services propose to the ESOs a set of criteria designed to ask the following key questions:

- Is a European standard needed?
- How should such a standard be developed?
- Once in use, does the standard meet its stated objectives?

A draft set of criteria is presented in **Table 1** below. These criteria can be further refined in discussion with relevant parties. This analysis could inform decisions on actions to be included in the AUWP as well as ESOs own work programmes. In making their choice, the Commission and standard setters should be mindful of the need to allow for differentiation and innovation, and should be particularly attentive to issues involving product-service packages. The Commission will set out its views on priorities in the AUWP.

iv. If it were clear that a European standard would be beneficial, a targeted and prompt **development** of such a standard should take place[23], either as a sector-specific standard or a horizontal one. In some areas, a further option might be a hybrid combination: a horizontal service standard with sectoral add-ons, or a pool of parallel sector-specific standards.

Table 1. Draft criteria to prioritise European service standards

Justification	
	What are the goals of the standard (raise service quality, improve communication and interoperability between businesses and their clients)?
	What problems (the scope, the scale and the areas) could the standard address and how?
European policy dimension	
	Are there conflicting national standards? Would a European service standard add value to the existing situation?
	How would the possible standard support EU policies and contribute to cross-border service provision and the development of the services Single Market? In particular, how would it: • reduce or remove barriers to trade in services? • Specifically make cross-border service provision easier? • support an area prioritised as being of particular importance for the Single Market? • help the provision of product-service packages? • help comply with EU regulatory requirements? • contribute to better quality and/or safety of services provided in the EU, either by addressing the service quality directly or indirectly through allowing a service provider to streamline certain activities and reallocate resources to focus on their core activity area? • Support accessibility policies for persons with disabilities and older persons? • improve cross-border transparency, communication and/or interoperability? • help improve the performance and innovativeness of the service sector and hence improve its competitiveness? • Facilitate cross-border public procurement? • help achieve public policy objectives, such as protection of health, safety, or the environment?
Stakeholder involvement	
	Which stakeholders would mainly be affected by the possible standard? How would the standard affect SMEs and consumers?

[23] in the frame of the processes described more in detail in the Modernised Standards System Communication

	Would relevant stakeholders support and use the possible standard?
	Are relevant stakeholders organised in a way that would enable them to be represented in the standardisation process? Would they be willing to take part?
	How will SME involvement be ensured?
	Would the topic and the scope be relevant for civil society organisations? Would they be willing and capable to be involved?
Costs and benefits of a European standard	
	What are the expected costs and benefits of the possible standard?
	Would a possible overall net benefit of a standard be higher than for other solutions?

Particular attention should be paid to areas of product-service provision. In the framework of its normal activity, CEN could carry out research to identify whether there are any areas where this is being impeded by the absence of linked product and service standards.

B. Tackling barriers faced by European service providers

Mutual recognition and equivalence assessment

It is the responsibility of Member States to ensure that their national legislative framework is in line with all Single Market legislation and notably with the Services Directive, Professional Qualifications Directive and the mutual recognition principle.

When Member States consider using standards in national authorisation schemes for service providers established in their territory, they should explore the option of a European standard. Should this option be excluded and the authorisation scheme requires compliance with national standards or certification schemes, the authorities should take into account equivalent standards or certifications obtained in another Member State. These principles are clearly stated in provisions of the Services Directive and in particular Articles 9 and 10. Notably, Article 10(3) of the Services Directive says that he conditions for granting authorisation for a new establishment shall not duplicate requirements and controls which are equivalent or essentially comparable as regards their purpose to which the provider is already subject in another Member State or in the same Member State.

As regards cross-border service providers, Article 16 states that Member States shall not make access to or exercise of a service activity in their territory subject to compliance with any requirements (including certification) which are not justified for reasons of public policy, public security, public health or the protection of the environment, are not proportionate and/or are discriminatory. As a result, whenever sector specific legislation provides for authorisation or certification schemes at national level, Member States must ensure that service providers authorised or certified in other Member States can provide services cross-border in the territory on the basis of the authorisation or accreditation obtained in their Member State of establishment, unless requiring compliance with the national certification requirement is proportionate and can be justified under the above-mentioned four overriding reasons. In the event that a certification requirement can be imposed on these grounds on a cross-border service provider, national authorities would also need to take account of the principle of mutual recognition when assessing whether the provider established in another Member State and therefore subject perhaps to similar requirements there complies with the conditions required for the certification.

When a European standard exists, situations should be avoided where certificates covering European standards are not the same across the EU because a national certification scheme embraces additional specifications on top of those included in European standards.

The Commission is committed to a more ambitious implementation of the Services Directive as part of stronger enforcement of EU law and a renewed culture of compliance.

Building from this, the Commission will explore further measures. The forthcoming initative to introduce a "services passport" for key sectors of the economy such as construction will facilitate the verification and confirmation by the authorities of service providers' compliance with standards required in particular Member States. For standards relevant for gaining market access to the host Member State, specific equivalence assessment mechanisms are also envisaged. As regards service standards in particular, in 2017 the Commission will launch a targeted review to gather information on existing rules and practices for authorisations concerning standards and certificates as well as the assessment of equivalence of requirements. Where relevant, this work will complement the Commission initiatives in the area of professional qualifications or in specific service sectors.

Such a review will in particular aim at mapping existing obstacles to, and problems with, equivalence assessment and identify solutions. It will help indicate least burdensome practices as well as clarify how any equivalence assessment should be carried out by public authorities.

Addressing de facto obstacles resulting from national standards and certificates

Where the barrier comes from the fact that a national standard or certificate is widespread and expected in a market (rather than required for authorisation) without being required in any authorisation or similar procedure, development of a European service standard should also be considered.

Building on the CEN work on mapping and focusing on areas where national standards and certificates are widely used (either in particular sectors or in terms of their geographical coverage) the European Commission will consider issuing mandates for European standards.

C. Improved awareness and information

The Communication "European standards for the 21st Century" points to the lack of awareness, education and understanding of the European Standardisation System and the Joint Initiative on Standards seeks to foster the education and awareness building of the competitiveness potential of standards. This is even more true for services standards than for other types of standards. The Commission and the standardisation community should in their intitives for awareness raising pay particular attention to service standards.

Also, As noted in Section II above, businesses often find it difficult to get clear information on service standards and certification requirements in another Member State.

As part of the Commission's Digital Single Market Strategy, the Commission is working on "*extending and integrating European and national portals to work towards a 'Single Digital Gateway' to create a user friendly information system for citizens and business*"[24]. The Single Digital Gateway could also include information on standards and certificates or provide a link to NSB websites. This would cover existing standards or certificates, as well as the likely future development of new European and national service standards.

IV. EXPECTED OUTCOME

The above approach is designed to fit within the wider changes to modernise and reinvigorate Europe's standards system set out in the Communication "European standards for the 21st Century". It is also designed to contribute to the wider measures on integrating Europe's service markets set out in the Single Market Strategy. In doing so, it will contribute to the EU's wider policy priorities and lead to tangible improvements for European consumers and companies especially SMEs.

The Commission will review the results of all this work on a regular basis and if necessary, will refine or expand the approach or propose additional measures. It will also continue to gather data and evidence.

[24] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:A Digital Single Market Strategy for Europe, COM(2015) 192 final, available at: http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf