



## EUROCITIES STATEMENT ON SERVICES OF GENERAL INTEREST

EUROCITIES believes that local public services are essential pillars of the European social model and the basis for a good quality of life in cities. Cities have always been places of social innovation and creative responses. Today's demographic, social and economic trends create new challenges for our society and cities have to react adapting and modernizing their services. We therefore need a better balance between the requirements of the EU internal market and those of public service obligations. Universal access, reliability and continuity, transparency and affordability: all are elements that must be safeguarded in the future. EUROCITIES insists on the essential role of local public services at a time when the publication of the Single Market Act<sup>1</sup> has brought this issue to the forefront.

Despite the current economic crisis and also to better counteract its effects, cities must:

- Continue to contribute to economic stability and to economic, social and territorial cohesion
- Continue to support social progress through local public services that strengthen social security and well-being for their citizens
- Continue to secure the provision of high quality public services to their citizens.

The Lisbon Treaty offers a new framework for cities as providers of public services. EUROCITIES welcomes in particular:

- The recognition of territorial cohesion as one of the objectives of the European Union. Local authorities contribute greatly to territorial cohesion by giving access to high quality services, which also benefit the wider metropolitan area.
- The strengthening of the social dimension of the internal market thanks to Article 3(3) of the Treaty on European Union (TEU)
- The formal recognition of regional and local self-government in Article 4(2) of the TEU
- The stronger role of the regional and local level of government under the principle of subsidiarity (Article 5(3) of the TEU)
- The recognition of the freedom of local authorities to organise, provide and finance services of general economic interest (Article 14 of the Treaty on the Functioning of the European Union (TFEU); Protocol 26 on services of general interest)
- The recognition of diversity and the geographical, social and cultural differences in each service of general economic interest (Protocol 26 on services of general interest)

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<sup>1</sup> The Single Market Act was published on 27 October 2010. It aims to relaunch the integration of the internal market, unlocking the EU's growth potential.

- The inclusion of services of general economic interest into the Charter of Fundamental Rights of the European Union (Article 36).

Although the crucial role of the local level in public service provision is better recognised, the current political and legal framework concerning services of general interest still lacks clarity and legal certainty as well as flexibility. The specific characteristics of local public services should be better taken into account in legislation and policies at the EU level.

In order to continue to provide high quality, efficient, sustainable and user-oriented public services, EUROCIITIES places a high priority on the following:

- The freedom of Member States and their local authorities to define, organise and finance services of general (economic) interest, in conformity with European Community rules (as mentioned in Article 1(3) of the Services Directive 2006/123/EC).
- The revision of the internal market and competition with other regions in the world should not impose further liberalisation of sensitive areas of public services, such as social and health services, water supply and waste disposal, which have a particular role in ensuring economic, social and territorial cohesion.
- Local authorities should also continue to be able to choose the form of provision of services based on an objective and transparent evaluation of the needs of their citizens (direct in-house provision, through their own enterprises, through inter-communal cooperation or through third parties). This principle should be taken into account when preparing any future legislation or policy with an impact on local public services.
- Concerning in-house provision, legal certainty should be improved with the recognition of this option for all services of general economic interest such as in the Regulation on public passenger transport services (Regulation 1370/2007/EC).
- There is no need for a specific directive on service concessions. The principles of EU primary law should be applied when granting concessions as they ensure enough legal certainty and also the necessary flexibility.
- Taking into account the nature and role of local public services, derogations to competition law are needed. In particular, EU state aid legislation should be more flexible in order to secure the financing of services of general economic interest.
- Public procurement rules should also be simplified to give cities more flexibility in providing public services.

We hope that EU institutions will seriously take into account our concerns and requests when reviewing current legislation, in particular on state aids and public procurement, but also when preparing new legislation. This will allow cities to continue to provide high quality public services that contribute to cohesion in the EU.