Go-ahead for controversial EU services directive.

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A controversial law to open up Europe's vast market in services won the backing of Euro-MPs yesterday, paving the way for caterers, travel agents and a host of other professionals to set up shop in other European countries.

Billed as crucial for the EU's job-creation ambitions, the so-called services directive was watered down over three years of negotiation. During that time it provoked fierce opposition, particularly in France, where it prompted fears of an invasion of Polish plumbers.

Under one key concession the directive ensures that service providers operating abroad will have to obey the labour laws of the host country rather than that of their country of origin. That change is designed to avoid a "race to the bottom" under which firms from countries with weaker social protection, particularly in Eastern Europe, undercut competition.

Graham Watson, leader of the Liberal Democrats in the European Parliament, said: "The directive is perhaps liberalising half the market. But half the loaf is better than no bread." Yesterday's vote means that the measure has completed its final parliamentary hurdle. Though it still has to be given approval by EU governments they have already given a green light to most of the wording in yesterday's blueprint.

Services dominate the European economy, accounting for around two-thirds of the bloc's economic output and employing around 116m people, equivalent to around 70 per cent of the EU's work force.

Fuente: Loste

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