



**The report is based on the evaluation of relevant documents and data from various sources (EU institutions, media, academia, social partners, interest groups, think tanks, etc.), the evaluation of the interviews carried out by a delegation of EESC members with social partners in the construction sector and public authorities in 6 Member States (Belgium, France, Germany, Poland, Portugal and Romania) and Brussels-based European social partners, institutions and think tanks and EESC opinions.**

The report takes the form of a synopsis providing a list of perceived shortcomings and proposed solutions or avenues to pursue in alphabetic order with a distinction between areas related to the Services Directive and the Posting of Workers Directive. It appeared at an early stage that they were closely connected and that the Enforcement Directive had to be taken into account as well. This allowed the report to provide an overview of the current complex situation in the construction sector.

In brief, the EU should gradually converge towards mutual recognition on a market-by-market basis. Society in general and the construction sector in particular would benefit from a coherent EU-wide strategy to combat international fraud networks. It has become urgent to agree on common definitions at the European level – this is a real challenge, especially with a view to solving long-standing problems. To achieve this objective, a number of steps need to be taken: European minimum standards for inspection services, a European compendium of tax and social concepts and a European social security number should all be adopted. Challenges cannot be properly addressed without institutional strength, ownership and correct implementation, as well as homogeneous social legislation.

The report highlights the following 10 key findings for the construction sector on the basis of the contributions we received:

- 1 The principle of the country of destination should apply across the board;
- 2 Competition must be based on quality and a level playing field and not on "social dumping";
- 3 The Single Market rules must be correctly transposed and implemented across the board;
- 4 To achieve a truly common approach and coherence, we need common concepts and definitions;
- 5 Efficient and effective cooperation between national authorities is crucial;
- 6 Preserving the European Social Model is vital if we want public support and acceptance;
- 7 The card system seems to open practical and practicable options for better monitoring;
- 8 Institutional strength and the appropriate firmness in applying rules and checks as well as higher fines;
- 9 Genuine cooperation between public authorities and social partners is good governance;
- 10 The principle of subsidiarity must apply, so that Member States can use specific monitoring tools.

The report (and the link to the SMO website including the staff working paper) has been sent to over 700 contacts and interlocutors in the 28 Member States and the 3 EFTA countries that make up the European Single Market.

<http://www.eesc.europa.eu/?i=portal.en.smo-observatory-smo-spotlight.30024>