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INFORMATION MEMO

Council directive concerning the liberalization of transfers relating to invisible transactions not connected with the movement of goods, capital or persons

On July 30, 1963 the Council adopted a directive concerning the liberalization of transfers relating to invisible transactions not connected with the movement of goods, services, capital or persons. The background to this directive may be summarized as follows:

Annex III to the Rome Treaty consists of a list of invisible transactions most of which constitute payments relating to the exchange of goods or services and to movements of capital or persons. Under Article 106 (1 and 2), the liberalization of such payments is to keep pace with the liberalization of the transactions to which they relate. There are, however, a few further types of transfer which by their nature are not connected with such transactions, and according to Article 106(3) of the Treaty these are to be liberalized under the rules relating to the supply of services.

The list of transactions covered by the directive includes items relating to transfers connected with Government expenditure (e.g. contributions to international organizations, official representation abroad, periodic settlements in connection with postal, telegraph and telephone services, consular receipts), transfers resulting from the fulfilment of legal obligations (e.g. payment of taxes, maintenance payments), transfers that can be regarded as complementary to economic activities (e.g. the cost of certain banking operations, differences, margins and deposits due in respect of operations on commodity terminal markets).

The transfers falling within the scope of this directive are of minor importance, and nearly all of them have already been liberalized in all Member States; however, the directive consolidates such liberalization as has already been effected and removes the few remaining restrictions.

With the adoption of this directive, the whole field of transactions between residents of Member States may be regarded as covered.