
COMPLETING THE
INTERNAL MARKET



CURRENT STATUS 31 DECEMBER 1990

**A COMMON MARKET
FOR SERVICES**

Banking

Insurance

Transactions in securities

Transport services

New technologies and services

Capital movements

Free movement of labour and the professions

**COMMISSION OF THE
EUROPEAN COMMUNITIES**

In June 1985, the Commission of the European Communities issued a White Paper on 'Completing the internal market', setting out a target for establishing a single European market in goods, services, people and capital by 1992.

The White Paper included a detailed legislative timetable containing over 300 measures and proposals.

In March 1990, the Commission issued its 'Fifth report on the implementation of the White Paper on completing the internal market'. This updated and modified the original legislative timetable contained in the White Paper.

This booklet is one of a series of five summarizing the current problems, the 1992 objectives and the measures and proposals necessary for the implementation of the single market.

The complete series of booklets covers

A common market for services

The elimination of frontier controls

**Conditions for business cooperation
Public procurement**

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These booklets will be updated and reissued at regular intervals up to 1992. Details of availability are given on the inside back cover.

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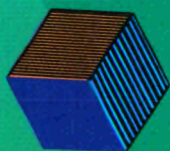
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A COMMON MARKET FOR SERVICES

How to use this booklet

This series of booklets sets out:

- (i) to inform the interested European public about the steps which are being taken to bring about the single market;
- (ii) to summarize the approach which is being taken in individual business sectors;
- (iii) to provide an initial guide to the content and current status of each proposal which the Commission has drafted with a view to completing the internal market in 1992.

This booklet contains:

- (i) a brief description of how the Community makes laws;
- (ii) a general introduction to the issues and problems involved in creating an internal market for services;
- (iii) specific introductions to the approach being taken in individual sectors of the services market;
- (iv) a brief summary of each measure which has been adopted or proposed with a view to establishing the internal market for services. Where a measure has been proposed but not yet adopted, the summary also gives details of the European Parliament's opinion and of the current status of the proposal. Where the measure has been adopted, the summary gives the deadline for implementing the legislation in the Member States, together with details of any follow-up work and of the implementing measures taken by the Commission.

The reader should:

- (i) ensure he is familiar with how the Community makes laws and recommendations; if this is not the case, he should turn to page iii;
- (ii) read the general introduction to services for an overview of the issues (page 1);
- (iii) select from the contents (page vii) the section(s) which cover the sector(s) of interest.

The summaries provide references to the appropriate copies of the *Official Journal of the European Communities* for those readers wishing to examine measures in more detail. Copies of the Official Journal can be obtained from the sales offices listed inside the back cover.

Note to the reader

This publication provides a snapshot, as as 31 December 1990, of a situation which is evolving all the time.

The reader should understand that the text is provisional, also from a linguistic and terminological point of view. It will be revised and consolidated as and when measures are adopted in their definitive form.

HOW THE EUROPEAN COMMUNITY MAKES LAWS AN OUTLINE

It is necessary to be familiar with the procedures by which the Community passes laws in order to understand the detail contained in the summaries. Each summary relates to a specific measure intended to facilitate the creation of the single market. In broad terms:

- (i) the Commission (which has both executive and administrative roles) initiates and drafts a proposal which it submits to the Council;
- (ii) the European Parliament (which is elected by the citizens of the Community) and the Economic and Social Committee (which consists of representatives from employer organizations, trade unions and other interest groups) consider and comment on the proposal;
- (iii) the Council (whose members represent the governments of the Member States, normally at ministerial level) adopts the proposal which then becomes law. In some cases, this power can be exercised by the Commission.

This booklet contains summaries of different types of measures; their consideration and adoption can follow different procedures. These are discussed below.

1. LAWS AND OTHER MEASURES

Regulations

A regulation is a law which is binding and directly applicable in all Member States without any implementing national legislation. Both the Council and the Commission can adopt regulations.

Directives

A directive is an EEC law binding on the Member States as to the result to be achieved, but the choice of method is their own. In practice, national implementing legislation in the form deemed appropriate in each Member State is necessary in most cases. This is an important point as businesses affected by a directive have to take account of the national implementing legislation as well as the directive.

Decisions

A decision is binding entirely on those to whom it is addressed. No national implementing legislation is required. The decisions summarized in this booklet are Council Decisions although in certain cases the Commission has the power to adopt Commission Decisions.

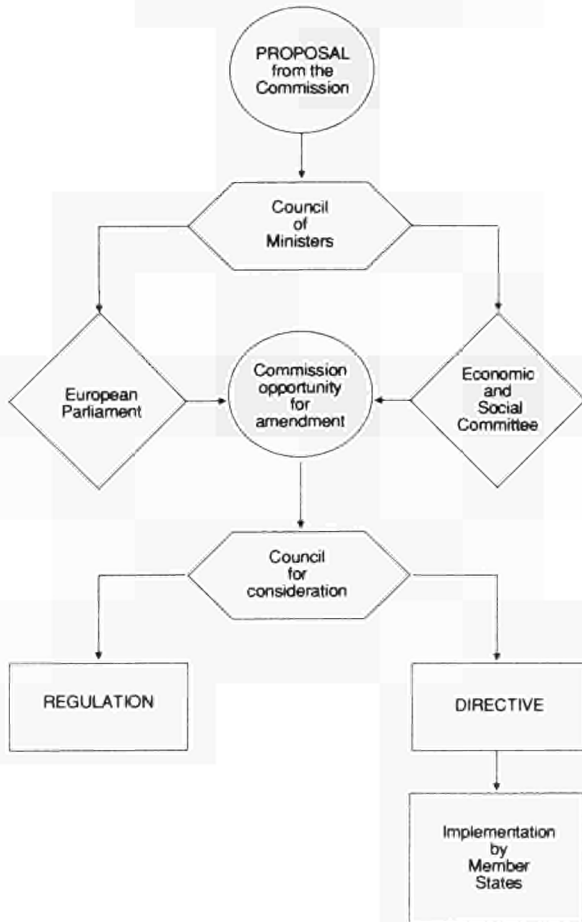
Recommendations

A recommendation has no binding effect (it is not a law). Recommendations can be adopted by both the Council and the Commission.

The majority of the measures included in this booklet are Council Directives.

EEC legislation from start to finish (directives and regulations)

The consultation procedure



The cooperation procedure

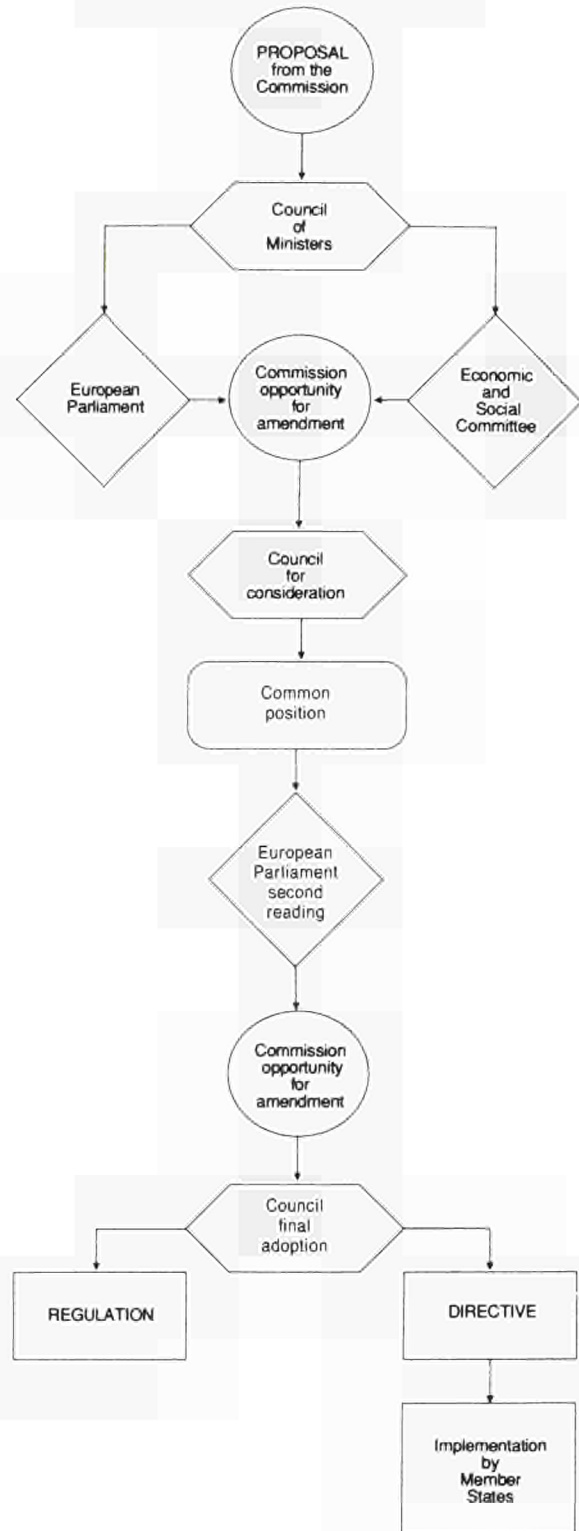


Figure 1

2. PROCEDURES FOR MAKING LAWS

The Community's decision-making procedures are best illustrated by tracing the progress of a directive. The following text should be read in conjunction with the flow chart in Figure 1.

Since the entry into force of the Single European Act on 1 July 1987 there are two distinct procedures for the adoption of a directive: the consultation procedure and the cooperation procedure. The EEC Treaty article upon which a proposal is based dictates which procedure is followed.

In both cases a directive begins with a proposal from the Commission to the Council.

Under the consultation procedure, the Council requests an opinion from the European Parliament and, in most cases, from the Economic and Social Committee. Once these have been given, the Commission then has the opportunity to amend the proposal if it so wishes. The proposal is then examined by the Council which may adopt it as proposed, adopt it in an amended form, or fail to reach agreement in which case the proposal remains 'on the table'.

Under the cooperation procedure, the Council requests opinions from the Parliament and the Economic and Social Committee in the same way. Once these opinions have been received the Council has to adopt what is called a common position, although it seems that the proposal will again remain on the table failing any common position being reached. On a common position being reached, this is transmitted to the Parliament which has three months to accept, reject, or propose amendments to it, on its second reading.

At this stage the Commission may again amend the proposal if it wishes. The proposal is then returned to the Council which has three months to take a final decision. In the absence of a decision, the proposal lapses.

Whether the Council can adopt a proposal by a qualified majority or has to reach a unanimous decision depends in the first instance upon the article of the Treaty which is the basis for the measure. However, there are certain situations where unanimity must be reached by the Council:

- (i) to introduce amendments of its own initiative to a proposal;
- (ii) to adopt amendments proposed by the Parliament but not taken up by the Commission;
- (iii) to adopt a measure when the Parliament has rejected the Council common position under the cooperation procedure.

The question of whether a directive or a regulation is subject to the cooperation procedure, the consultation procedure or neither of these depends on its legal basis.

There are a limited number of decisions summarized in this booklet. The European Parliament and the Economic and Social Committee are consulted on some of these.

There are also a limited number of recommendations in this booklet. Some Council recommendations are submitted to the European Parliament and the Economic and Social Committee for their opinion before adoption.

3. PUBLICATION OF TEXTS

At certain stages in the Community decision-making procedure, texts are published in the *Official Journal of the European Communities*. There is an 'L' series which contains legislation and a 'C' series which contains other information, such as communications issued by the Commission.

This booklet contains summaries of both adopted legislation and proposals for legislation. In the case of adopted legislation, the summary gives the reference to the Official Journal 'L' series in which the text has been published. Readers interested in the legislative history of a measure will find in the text the Official Journal 'C' series references for the corresponding Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee.

In the case of proposals for legislation, the summary gives the Official Journal 'C' series references for the Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee, if published by 31 December 1990.

A COMMON MARKET FOR SERVICES

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INTRODUCTION

WHY A COMMON MARKET FOR SERVICES?

1957 — Treaty of Rome

The Treaty sets out to create a single Community-wide market with freedom of movement for goods, persons, services and capital.

Freedom of movement for individuals basically means that nationals of a Member State and, by extension, companies registered in that Member State, are entitled to take up and pursue an occupation or business activities in other Member States. Freedom of movement for services entitles individuals, companies or firms to provide services in a Member State other than the one in which they are established. Both these freedoms affect the service sector in that persons may provide services in a Member State other than their own either directly (services within the meaning of the Treaty), or through branches or subsidiaries (establishment within the meaning of the Treaty). Although a customs union was soon established, many administrative barriers which limit freedom to provide services and freedom of establishment still remain as a result of national regulations governing banking, insurance, transport and the professions, or more general measures dealing, for example, with capital movements, standards, public contracts and frontier formalities.

1985 — White Paper

The costs and disadvantages associated with the existence of separate national markets are being perpetuated by the remaining internal obstacles to trade.

In 1985, the Commission published a White Paper on 'the completion of the internal market' which was approved by the Heads of State or Government and which listed 282 proposals for laws together with a timetable for their implementation. One of the innovations of the White Paper was the emphasis (15% of the measures proposed) placed on liberalizing the provision of services — mutual recognition of national regulations following on from the prior harmonization of basic principles where necessary (e.g. financial services).

1987 — Single European Act

Since the Act constituted a revision of the EEC Treaty, it had to be ratified by the government and parliament of each Member State. The Act restates the objective of completing an internal market by 1992 in line with the timetable contained in the 1985 White Paper, and adjusts the decision-making procedures in the Community; the power of decision is strengthened by extending the scope of majority (as opposed to unanimous) voting within the Council of Ministers. The Single European Act has facilitated the adoption of the measures in the White Paper.

1990 — Current situation

The extent of progress varies from sector to sector. In the banking sector, the adoption of the second Directive and the associated technical Directives on own funds and solvency ratios has brought about decisive and irreversible change. In the insurance sector, the Council has adopted Directives on life assurance and civil liability insurance in respect of the use of motor vehicles. In the securities field, the Council adopted another technical Directive in April 1989 relating to share prospectuses, and agreed to the principle of mutual recognition from 1991 onwards. The Council has also adopted a Directive prohibiting insider dealing, thus protecting the interests of investors. In the road transport sector, the Council finally reached agreement on a cabotage Regulation which entered into force on 1 July 1990 and is being implemented gradually; the final cabotage arrangements will be the subject of another

regulation. In the air transport sector, the Council has adopted two Regulations on the sharing of passenger capacity and access to the market, and on fares. In the new technologies area, the adoption of the Council Directive on the open network provision (ONP), the notification of the Commission Directive to Member States on competition in the telecommunications services sector, and the Council's common position on the mutual recognition of the conformity of telecommunications terminals represent a crucial step forward in freeing telecommunications services. Finally, as regards the free movement of workers and members of the professions, the adoption of three Directives on the right of residence will enable any student, pensioner or non-employed person who is a national of one Member State to move about and reside anywhere in the Community.

1992 — Single market

This is the deadline fixed by the Single European Act for the total elimination of all obstacles to the free provision of services.

Services

The measures and proposals described in this leaflet and which cover financial services, telecommunications and transport services, and the free movement of workers, are intended to promote competition, increase competitiveness and widen choice.

According to the Cecchini Report, which was the result of a research project on the cost of non-Europe, the three main categories of financial services will benefit from integration to the tune of some ECU 22 billion. To take another example, the telecommunications sector could benefit by around ECU 2 billion, provided that the minimum liberalization requirements as set out in the Commission's Green Paper are met.

The field of services is an essential area in the economic and industrial development of the Community; the objective associated with completion of the internal market is not only to ensure development in this sector (in itself a source of employment) but primarily to ensure that industry has access to services which are cheaper, more efficient, and better suited to their needs.

The Community has thus taken on a programme of work designed to adapt the rules governing financial services, transport, information technology, capital movements and the free movement of workers and members of the professions. These are the areas in which the provision of cross-border services is entirely in the genuine interests of all Member States and of all businesses whose competitiveness also depends on the cost of services.

Financial services and capital movements

Financial services form an important element in the economy of all Community countries as a source of employment and of net exports. They are important both in terms of volume (7% of Community GDP) and because of their role in oiling the wheels of the market economy. Financial services have not benefited to the same extent as manufactured goods from the headway made in dismantling barriers to trade between the Member States, but it is clear that the benefits of the integrated market will have to apply in the financial services sector as much as any other sector.

In such an increasingly global financial market, it is essential that Europe becomes an efficient and open financial centre if it is not to lose its share of business and the employment that goes with it. From the consumers' point of view it is important that they should have access to a wide range of financial products, and it is important too for the well-being of the manufacturing sector that the financial sector should be as competitive as possible.

The general approach to financial services is very closely linked to the programme of liberalizing capital movements, as a result of which residents of any Member State will have access to the financial systems of other Member States and all the financial products which are available there. Equally there will no longer be any restrictions on capital transfers or any discrimination in the form of, say, tax measures.

The programme in the financial services sector aims to break down national regulatory barriers which obstruct freedom of establishment and free trade in services which could be left untouched even after exchange controls are fully removed. Common rules for the supervision of financial operators are being drawn up to ensure that capital does not flow to centres where monitoring arrangements are more superficial. Finally, broadly equivalent standards for investor protection are being drawn up. The aim is to bring about by 1992 a single banking market in which a bank can establish branches anywhere in the Community and offer its services throughout the Community; an insurance market where insurance can be bought on the most competitive terms and provide Community-wide cover and a securities and capital market with enough capacity to meet European industry's financial needs and capable of attracting investors from all over the world.

The general method of achieving full freedom of establishment and free trade in financial services can be summarized as follows:

- the harmonization of essential standards for prudential supervision of financial institutions and for the protection of investors, depositors and consumers;
- mutual recognition of the competence of the supervisory bodies and standards in each Member State;
- following on from the first two points, home-country control and supervision of financial institutions which wish to operate in another Member State.

Transport

The transport market is characterized at the international level by quotas and other restrictions. The costs to importers and exporters of insufficient competition in this market are impeding the growth and integration of the European economy. To remedy this unsatisfactory state of affairs and to ensure that European suppliers and users of transport services are able to take advantage of a genuine common market, the Community has adopted a two-phase approach for the main transport sectors: road, sea and air. In the first phase, the objective is to liberalize transport services between Member States. In the second phase, to be completed by 1992, the objective is to liberalize transport within Member States by opening up the national markets to non-resident carriers (cabotage).

Adoption of these measures has already led to the elimination of border controls by customs of the current bilateral quotas in transport. The measures still to be adopted concern the possibility for a carrier to operate in any Member State, either occasionally or on a permanent basis.

New technologies and services

In this field, the challenge confronting the Community is that of creating a single market for those services which are linked to rapidly changing innovative technology.

The fragmentation of the Community into separate national markets and the ensuing proliferation of differing technical requirements reduce the scope for economies of scale, multiply the costs of obtaining type-approvals, and render less attractive the large-scale

research which alone is capable of sustaining Europe's competitiveness in international markets.

The Commission, therefore, has focused on three areas: services, standards and networks.

Adoption of the Directive on television broadcasting represents an important step towards the establishment by 1992 of a single market in services based on new technologies.

As regards the equipment necessary for services based on new technologies, the Commission has introduced European standards for television, information technology, telecommunications and cellular radio.

This is backed by a series of measures relating to the markets in information, electronic payment and telecommunications services.

New proposals have also been prepared in the area of satellite communications within the Community to bring it in line with the general principles of the Community telecommunications policy.

Community action was also required to guarantee protection for personal data (see also the chapter entitled 'control of individuals' in the booklet on 'the elimination of frontier controls').

Labour and the professions

The Community has already achieved a great deal in this field, particularly in the case of employees. However, there remain a number of problems to be solved if the internal market in goods and services is to be matched by efficiency in the allocation of labour and competition in professional services.

Adoption of the three Directives on the right of residence (see above) will help solve the administrative problems encountered by citizens who are unemployed or no longer work and wish to reside in another Member State. However, general obstacles to the free movement of labour still remain in areas such as right of residence and taxation.

On the other hand, there are obstacles that are specific to certain regulated professions and that have to do with the mutual recognition of professional qualifications. The Community has approached this problem in two ways: harmonization of professional training as with the medical professions, whose members have the right to establish themselves and practise their profession throughout the Community because of harmonized qualifications, and mutual recognition by Member States of each other's higher education diplomas for specific professions such as architects. A major advance was made at the end of 1988, when the Council adopted a Directive introducing a general system for the mutual recognition of diplomas awarded on completion of higher-education, professional education and training lasting at least three years. This first step will be followed by the adoption of the proposal relating to other diplomas awarded on completion of a course of post-secondary studies lasting at least three years and to certificates awarded on completion of a course of secondary studies.



1. BANKING

Current problems and 1992 objectives

All Member States regulate access to this crucial sector and supervise its operations, but controls differ from one Member State to another. The first banking Directive adopted in 1977 represented an initial step towards liberalization of the right of establishment in the banking sector.

A bank based in one Member State wishing to establish branches in the others currently needs authorization from 11 different supervisory authorities, each with its own conditions for granting authorization and for subsequent supervision.

To overcome these obstacles the Commission has adopted a three-pronged approach:

- essential harmonization in all Member States of the laws and practices governing capital requirements, standards of managerial experience and repute, solvency ratios, prevention of over-lending to individual borrowers, form and content of published accounts;
- home-country control, through coordination between national supervisory activities, will mean that a bank operating in other Member States will be supervised by the authorities in the country in which it has its registered office;
- mutual recognition by the national supervisory authorities of the rules and regulations governing controls in other Member States.

The granting of licences for subsidiaries of banks with registered offices outside the Community will in principle be left to the discretion of the Member State concerned within the framework of the international agreements entered into by the Community. However, Member States may be required to suspend authorization in respect of subsidiaries set up by banks with registered offices in countries which do not grant national treatment or effective market access to Community banks wishing to establish themselves on their territory.

Such suspension is intended to enable the Commission to negotiate an agreement with the third country concerned on the removal of the obstacles in question. However, once authorized a subsidiary of a bank with its registered office in a third country will enjoy the same rights within the Community as have been granted to Community banks.

The 10 measures and proposals which have already been tabled and are summarized in this section aim to bring about this approach into practice:

- summary 1.1 defines certain credit institutions which are exempt from the approach;
- summary 1.3 defines the framework for the approach;
- summaries 1.4 to 1.10 define the essential elements of the approach.

The prospect of economic and monetary union underlines the urgent need to improve payment systems in such a way that transfrontier payments within the Community's internal market are as rapid, as cheap and as reliable as those within a Member State.

The Commission's discussion paper 'Making payments in the internal market' describes the existing methods of effecting transfrontier payments and proposes a framework for examining the improvements to be made. It considers in particular small or medium-sized payments, for which very high costs, frequently out of all proportion to the amount transferred, are incurred owing to the lack of a true integrated payments system. It also examines the directions in which improvements might be sought, in particular through the interlinking of national settlement systems.

The increase in competition within the financial sector will help promote the establishment of transfrontier payment systems but such progress will also necessitate cooperation from the banks, the central banks and the supervisory authorities in each Member State (COM(90) 447 final).



1. BANKING

1.1. Credit institutions: credit institutions excluded from coordinating legislation

(1) <i>Objective</i>	To update the list of credit institutions exempt from EEC coordinating legislation concerned with their operation. The original list was contained in the first banking Directive.
(2) <i>Community measure</i>	Council Directive 86/524/EEC of 27 October 1986 amending Directive 77/780/EEC in respect of the list of permanent exclusions of certain credit institutions.
(3) <i>Contents</i>	The central banks of the Member States, the post office, giro institutions and other specified credit institutions are excluded from the scope of Directive 77/780/EEC, the first Directive on the taking up and pursuit of banking activities. The institutions in question are excluded because they are supervised in a different manner from banks generally.
(4) <i>Deadline for implementing Member State legislation</i>	31.12.1986
(5) <i>Date of entry into force (if different from 4)</i>	Member States to communicate texts of main laws to the Commission within one year of adoption of this Directive.
(6) <i>Reference</i>	Official Journal L 309, 4.11.1986
(7) <i>Follow-up work</i>	
(8) <i>Commission implementing measure</i>	

1. BANKING

1.2. Credit institutions: reorganization and winding up

(1) Objective

To lay down measures concerning the reorganization and winding-up of credit institutions (e.g. banks) operating in several Member States. This is entrusted to the competent authorities of the Member State in which the credit institution has its head office. In the case of credit institutions having their head office outside the EEC the authorities of the host Member State would be responsible, unless there is a bilateral agreement with the home country.

To lay down transitional measures concerning deposit-guarantee schemes in order to extend their coverage. Deposit-guarantee schemes provide protection for a depositor if the credit institution becomes bankrupt.

(2) Proposal

Proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the reorganization and the winding-up of credit institutions and deposit-guarantee schemes.

(3) Contents

1. Definition of reorganization measures as those measures which are intended to safeguard or restore the financial situation of a credit institution, e.g. total or partial suspension of activities, the power to appoint an official to investigate the state and conduct of an authorized institution.

2. Rules for the application of reorganization measures to credit institutions having their head office within the Community, e.g. respective roles of home and host country regulatory authorities.

3. Corresponding rules for the application of reorganization measures to credit institutions having their head office outside the Community.

4. Rules for the winding-up of credit institutions having their head office within the Community, e.g. role of the regulatory authorities, effect on banking authorization, cross-frontier powers of liquidators.

5. Corresponding rules for winding-up credit institutions having their head office outside the Community.

6. Existing Member State deposit-guarantee schemes should cover deposits in branches of institutions having their head office in other Member States. Pending the introduction of schemes in all Member States, Member States with schemes should extend the cover to deposits in branches of their institutions in other Member States with no scheme, and do so under the same conditions as apply to domestic deposits.

7. Annex of reorganization measures in each Member State.

(4) Opinion of the European Parliament

First reading: The European Parliament approved the Commission's proposal subject to a number of recommendations for amendment. One recommendation concerned the publication in the Official Journal of extracts from the decision ordering the reorganization measure, when an appeal against this decision is possible. The Commission had proposed that publication was only necessary when the rights of creditors were affected. Parliament recommended that shareholders and employees be added to this list. The Commission accepted the inclusion of shareholders in its amended proposal, but not employees. The Commission also accepted another recommendation that a second



annex be added defining the winding-up procedures referred to in the Directive.

(5) Current status

An amended proposal taking account of the comments of the European Parliament and the Economic and Social Committee is before the Council. The cooperation procedure will apply giving the European Parliament the opportunity of a second reading once it has received the view of the Council at the end of its common position.

(6) Reference

Commission proposal COM(85) 788 final	Official Journal C 356, 31.12.1985
Amended proposal COM(88) 4 final	Official Journal C 36, 8.2.1988
European Parliament opinion First reading	Official Journal C 99, 13.4.1987
Economic and Social Committee opinion	Official Journal C 236, 20.10.1986

1. BANKING

1.3. Freedom to provide banking services: Second Directive

(1) Objective

To ensure freedom of establishment for, and freedom to provide, banking services with a view to establishment of a single market by extending the harmonization of banking rules and regulations introduced by Directive 77/780/EEC (Official Journal L 322, 17.12.1977). In addition, to achieve mutual recognition of authorizations for credit institutions and of prudential rules in order to pave the way for the granting of a single banking licence recognized throughout the Community and for the introduction of prudential supervision by the supervisory authorities in the credit institution's home country.

(2) Community measure

Second Council Directive 89/646/EEC of 15 December 1989 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions and amending Directive 77/780/EEC.

(3) Contents

1. Introduction of a minimum capital requirement of ECU 5 million for credit institutions granted authorization for the first time. This figure is reduced to ECU 1 million for particular categories of credit institutions (cooperatives, building societies, etc.). These conditions do not apply to credit institutions already doing business when the Directive enters into force.
2. Introduction of the requirement that applicants for banking authorization inform the authorities of the identity of anyone able to exercise a significant influence over the establishment to be set up. This includes direct and indirect shareholders who hold more than 10% of the capital or of the voting rights and those who, in any event, exercise significant influence. Appraisal of their suitability by the authorities.
3. Introduction of a single banking licence. This will allow a branch to be opened in another Member State without authorization from the host Member State and without the need for separate endowment capital. As a transitional measure covering the period 1991 to the end of 1992, the required branch endowment capital will not exceed 50% of the capital required of new domestic credit institutions.
4. Prior consultation between the respective supervisory authorities when a credit institution authorized in one Member State wishes to set up a subsidiary in another, when banking authorization is sought for a subsidiary of the parent company of a credit institution authorized in another Member State, and when authorization is sought for an undertaking controlled by persons who already control a credit institution authorized in another Member State.
5. Relations with third countries:
 - Member States are to inform the Commission of any authorization they grant to a direct or indirect subsidiary of third-country undertakings and of the acquisition of any holding by such undertakings in a Community bank.
 - Member States are to inform the Commission of any difficulties encountered by their banks in establishing themselves or carrying on banking activities in a third country.



Subsequently, the Commission is to draw up a report examining the treatment accorded to Community credit institutions in third countries and to transmit it to the Council.

- Where the Commission finds that a third country is not granting Community banks effective market access comparable to that granted by the Community to credit institutions from that third country, it may ask the Council for a negotiating mandate (to be approved by the Council by a qualified majority). This may also result in the limitation or suspension — for not more than six months — of applications for authorization from the third country concerned. Any extension of this initial six-month period will have to be decided by the Council by a qualified majority;
- where the Commission finds that a third country does not grant Community banks national treatment or effective market access, it may open negotiations directly.

6. Harmonization of the conditions relating to the pursuit of banking activities: maintenance of initial capital; control powers in respect of the acquisition of holdings in credit institutions; existence of sound administrative and accounting procedures and adequate internal control mechanisms.

7. Prohibition on credit institutions investing more than 15% of their own funds in an undertaking which is neither a credit institution, a financial institution nor an undertaking carrying out an activity which is an extension of, or ancillary to, banking. Prohibition on such investments cumulatively exceeding 60% of a credit institution's own funds. Member States may allow these limits to be exceeded if the investments in question are deducted from the calculation of own funds in calculating the solvency ratio. Existing credit institutions with holdings exceeding the limits on the date of entry into force of the Directive will have 10 years from that date in which to reduce those holdings.

8. Requirement that credit institutions have a fixed establishment in the host country. Introduction of the principle of home-country control. When a credit institution is authorized by its home-country authorities to perform the core banking activities listed in the Directive, it may perform these activities in any Member State through branches or by providing services without a branch. Core banking activities falling within the scope of mutual recognition include:

- deposit taking and other forms of borrowing;
- lending;
- financial leasing;
- money transmission services;
- issuing and administering means of payment;
- guarantees and commitments;
- trading for own account or for the account of customers;
- participating in securities issues;
- money broking;
- portfolio management and advice;
- safekeeping of securities;
- credit reference services;
- safe-custody services.

Similar rights, subject to certain conditions, for other financial institutions:

- which are at least 90% owned by one or more credit institutions authorized in the same Member State and which, together with the owners, are subject to consolidated supervision,
- the commitments of which are jointly and severally guaranteed by the owner(s).

9. Allocation of supervisory functions between home-country and host-country authorities. The home country has responsibility for overall solvency while the host country supervises liquidity of branches on its territory. Exchanges of information and coordination in cases of non-compliance with authorization conditions.

10. List of the areas in which technical adaptations may be made in exercise of the implementing powers conferred on the Commission under the regulatory committee procedure.

(4) Deadline for implementing Member State legislation

- 1.1.1993;
- 1.1.1990 for Article 6(2) relative to the cancellation of capital endowment.

(5) Date of entry into force (if different from 4)

(6) Reference

Corrected opinion

Official Journal L 386, 30.12.1989
Official Journal L 296, 27.10.1990

(7) Follow-up work

(8) Commission implementing measure



1. BANKING

1.4. Annual accounts of banks

<i>(1) Objective</i>	To harmonize the format and contents of the published accounts of banks and other financial institutions. As more credit institutions operate across national borders within the Community, it is becoming increasingly important that their accounts are comparable.
<i>(2) Community measure</i>	Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to most credit institutions (e.g. banks) and other financial institutions with a few exceptions including: <ul style="list-style-type: none"> — Greece: ETEBA (National Investment Bank for Industrial Development); — Ireland: industrial and provident societies. 2. Standard balance sheet layout. Assets and liabilities are presented in decreasing order of liquidity. 3. Special provisions for certain balance sheet items such as cash in hand, treasury bills, debt securities, amounts owed to credit institutions, etc. 4. Two standard profit-and-loss account layouts. Member States can impose either or leave the choice to the banks. There is a vertical layout and a horizontal layout. 5. Special provisions on certain items in the profit-and-loss account such as interest receivable, income from shares, net profit or loss on financial operations, etc. 6. Valuation rules for assets, fixed financial assets, debt securities, transferable securities, loans and advances, variable-yield securities, and foreign-exchange assets and liabilities. 7. Detailed list of the required contents of the notes to the accounts. 8. Separate provisions relating to the drawing up of consolidated accounts. 9. Publication of annual accounts as laid down by national law. Copies of the published accounts must be available at a price which does not exceed their administrative cost. 10. Special allowances for public savings banks. Where statutory auditing is reserved to an existing supervisory body a separate audit requirement need not be imposed.
<i>(4) Deadline for implementing Member State legislation</i>	31.12.1990
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1993
<i>(6) Reference</i>	Official Journal L 372, 31.12.1986
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

1. BANKING

1.5. Annual accounts of branches of foreign banks

<i>(1) Objective</i>	To remove the need for branches of foreign banks and other financial institutions to publish separate annual accounts, so that they are treated the same way as branches of domestic financial institutions.
<i>(2) Community measure</i>	Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Directive applies to all EC branches of banks and other financial institutions which have their head offices outside the Member State where the branch is established.2. The Directive abolishes present requirements of Member States to publish separate branch accounts. Documents which are to be published by branches of credit institutions and financial institutions having their head office in other Member States include the institutions' annual accounts, consolidated accounts, annual report, etc. These must be published and audited as required by the law of the Member State in which the head office is located. Member States may exceptionally also require branches to publish further information such as details of profit and loss or of the activities of the branch; however, there will be a review of the Directive with a view to deleting requirements to publish such additional information.3. Documents to be published by branches of credit institutions and financial institutions having their head offices in non-member countries are the same as for (2) and are to be drawn up and audited as required by the non-member country. However, if these are not in conformity with EC accounting requirements, Member States may require full branch accounts.4. Member States may require that the required published documents be published in their official language and that the translation of such documents be certified.
<i>(4) Deadline for implementing Member State legislation</i>	1.1.1991
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 44, 16.2.1989
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	



1. BANKING

1.6. Own funds

(1) <i>Objective</i>	To lay down common standards for the own funds of authorized credit institutions for the purpose of supervision by the regulatory authorities. Own funds are the funds which are the property of the bank, as opposed to client funds which are on deposit with the bank but the property of the clients. The size of own funds is used by regulatory bodies in calculating acceptable levels of lending. Standardization of these calculations throughout the Community is essential for mutual recognition of home-country control.
(2) <i>Community measure</i>	Council Directive 89/299/EEC of 17 April 1989 on the own funds of credit institutions.
(3) <i>Contents</i>	<p>1. The Directive provides a definition of own funds which divides the items which may be included into two categories:</p> <ul style="list-style-type: none"> — core capital (original own funds) consists of the highest-quality items (capital and disclosed reserves); — supplementary capital (additional own funds) consists of items of lesser quality, e.g. revaluation reserves, securities of indeterminate duration, hidden reserves, commitments of members of cooperative banks and subordinated loans. <p>2. The supplementary capital included may not exceed 100% of the core capital. In addition, commitments of members of cooperative banks and subordinated loans may not exceed 50% of the original own funds.</p> <p>3. One item (funds for general banking risks) is provisionally excluded from both categories; it is therefore included in own funds without limit but is not used in determining the limit for the second category items.</p> <p>4. The Directive also lists the items which must be deducted from own funds and specifies how own funds are to be calculated on a consolidated basis.</p> <p>5. Discretion is given to the Member States to apply more restrictive concepts of own funds.</p> <p>6. Procedure for updating the Directive within three years of its adoption.</p>
(4) <i>Deadline for implementing Member State legislation</i>	1.1.1993
(5) <i>Date of entry into force (if different from 4)</i>	
(6) <i>Reference</i>	Official Journal L 124, 5.5.1989
(7) <i>Follow-up work</i>	
(8) <i>Commission implementing measure</i>	

1. BANKING

1.7. Deposit guarantee schemes

(1) Objective

To lay down harmonized minimum requirements for deposit-guarantee schemes and encourage the introduction of such schemes by all Member States. These schemes provide protection for the depositor if the credit institution becomes bankrupt. To stimulate Member States without deposit-guarantee schemes to set them up. The scope of deposit-guarantee schemes is extended by the proposal on the winding-up of credit institutions (summary 1.5) to give cross-border cover.

(2) Community measure

Commission Recommendation 87/63/EEC of 22 December 1986 concerning the introduction of deposit-guarantee schemes in the Community.

(3) Contents

1. Minimum requirements for existing deposit-guarantee schemes, e.g. criteria for compensation.
2. Member States with plans for introducing schemes should check that the minimum requirements are met and adopt schemes by 31 December 1988.
3. Member States which do not have deposit-guarantee schemes covering all their credit institutions and which have no plans for such schemes should draw up plans for such a scheme or schemes meeting the minimum requirements and ensure that it or they are in force by 1 January 1990.

(4) Deadline for implementing Member State legislation

No deadline as this measure is only a recommendation. Member States must inform the Commission by the end of 1988 of the laws, regulations and administrative provisions they have adopted with respect to the Recommendation.

(5) Date of entry into force (if different from 4)

Not applicable.

(6) Reference

Official Journal L 33, 4.2.1987

(7) Follow-up work

(8) Commission implementing measure



1. BANKING

1.8. Monitoring of large exposures

<i>(1) Objective</i>	To promote the harmonization of the supervision of large exposures, i.e. where a large proportion of the loans of a credit institution (e.g. a bank) are to a single client or group of related clients.
<i>(2) Community measure</i>	Commission Recommendation 87/62/EEC of 22 December 1986 on monitoring and controlling large exposures of credit institutions.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. A large exposure to a client or group of connected clients is defined as 15% or more of a credit institution's own funds. 2. Credit institutions may not incur an exposure to a single client or group of clients of over 40% of own funds. 3. Aggregate large exposures may not exceed 80% of own funds. 4. Large exposures must be reported to the regulatory authorities at least once a year. 5. Special provisions for EEC branches of third-country banks when they are subject to bilateral agreements. 6. Exchanges of information between Member States. 7. Provisions concerning supply of information for controlling large exposures. Member States must ensure that there are no legal barriers to the supply of relevant information between participating credit institutions.
<i>(4) Deadline for implementing Member State legislation</i>	No deadline as this is only a recommendation. Member States must inform the Commission by the end of 1988 of the laws, regulations and administrative provisions they have adopted with respect to the Recommendation.
<i>(5) Date of entry into force (if different from 4)</i>	Not applicable.
<i>(6) Reference</i>	Official Journal L 33, 4.2.1987
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

1. BANKING

1.9. Mortgage credit

<i>(1) Objective</i>	To remove obstacles to the provision of mortgage credit across frontiers and to improve the cooperation between supervisory bodies in the Member States.								
<i>(2) Proposal</i>	Proposal for a Council Directive on the freedom of establishment and the free supply of services in the field of mortgage credit.								
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Definition of mortgage credit institutions. Their activities consist of: receiving funds from the public collected in the form of deposits or the proceeds from mortgage bonds or reimbursable shares; granting loans to the public secured on real property.2. Obligation on each Member State to authorize domestic mortgage institutions to make loans in other Member States in respect of land and buildings situated anywhere in the Community.3. Obligation on each Member State to authorize mortgage institutions based elsewhere in the Community to operate in its territory in accordance with financial techniques authorized in the home country.4. Obligation on Member States to supervise mortgage institutions from other Member States operating on their territory in close cooperation with the supervisory authorities of the home Member State. The home Member State must first confirm that the institution is financially sound. Supervision is then performed by the host Member State.								
<i>(4) Opinion of the European Parliament</i>	First reading: The European Parliament approved the Commission's proposal subject to a number of recommendations for amendment. The Commission adopted many but not all of these recommendations in its amended proposal.								
<i>(5) Current status</i>	The amended proposal is now before the Council of Ministers; part of this proposal has been taken over by the proposal for a second banking coordination directive (summary 1.3). Discussions are proceeding on the problem of the mutual recognition of financial techniques. The cooperation procedure will apply giving the European Parliament the opportunity of a second reading once the Council has notified it of its common position.								
<i>(6) Reference</i>	<table><tr><td>Commission proposal COM(84) 730 final</td><td>Official Journal C 42, 14.2.1985</td></tr><tr><td>Amended proposal COM(87) 255 final</td><td>Official Journal C 161, 19.6.1987</td></tr><tr><td>European Parliament opinion First reading</td><td>Official Journal C 76, 23.3.1987</td></tr><tr><td>Economic and Social Committee opinion</td><td>Official Journal C 344, 31.12.1985</td></tr></table>	Commission proposal COM(84) 730 final	Official Journal C 42, 14.2.1985	Amended proposal COM(87) 255 final	Official Journal C 161, 19.6.1987	European Parliament opinion First reading	Official Journal C 76, 23.3.1987	Economic and Social Committee opinion	Official Journal C 344, 31.12.1985
Commission proposal COM(84) 730 final	Official Journal C 42, 14.2.1985								
Amended proposal COM(87) 255 final	Official Journal C 161, 19.6.1987								
European Parliament opinion First reading	Official Journal C 76, 23.3.1987								
Economic and Social Committee opinion	Official Journal C 344, 31.12.1985								



1. BANKING

1.10. Solvency ratios

<i>(1) Objective</i>	To contribute to the harmonization of prudential supervision and to strengthen solvency standards among Community credit institutions, thus protecting both depositors and investors as well as maintaining banking stability.
<i>(2) Community measure</i>	Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions.
<i>(3) Contents</i>	<p>1. The ratio proposed by the Commission applies to credit institutions defined in the first banking Directive. The own funds of each credit institution are expressed as a proportion of the risk-adjusted value of its assets and off-balance-sheet business. It relates principally to the credit risks involved in the event of counterparty default and it distinguishes between the degrees of risk associated with particular assets and off-balance-sheet items, and with particular categories of borrower.</p> <p>Differences are drawn both between the nature and origin of borrowers, for example:</p> <ul style="list-style-type: none"> — central banks, governments, credit institutions and non-bank sectors; — domestic EC borrowers and foreign (i.e. non-EC) borrowers. <p>2. Weightings vary from 0%, for such low-risk items as claims on EC Member State central governments and banks, to 100% for such high-risk items as those representing claims on the non-bank sector. The minimum weightings may be increased subject to individual Member State requirements.</p> <p>3. Special treatment of off-balance-sheet items, e.g. the credit equivalent value of low to high-risk items taken into account and multiplied by the weighting attributable to the relevant counterparties.</p> <p>4. System of mutual recognition of weightings of asset items representing claims on Member States' regional governments and local authorities and of off-balance-sheet items incurred on behalf of these bodies.</p> <p>5. The proposed minimum ratio of 8% is subject to review following the results of the survey carried out by the Contact Group of European Community banking supervisors. The Directive would not prevent Member States independently establishing a higher ratio. After 1 January 1993, if a credit institution's ratio should fall below 8% (or the higher national requirement) the appropriate supervisory authorities shall ensure that the situation is restored.</p> <p>6. Common definitions and techniques for verification and control are established.</p> <p>7. Certain technical modifications may be made by a simplified procedure involving a committee composed of representatives from the Member States. These modifications include the extension to foreign countries of the same weightings as those extended to domestic institutions where the risks are considered to be equivalent.</p>

(4) Deadline for implementing Member State legislation

1.1.1991

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 386, 30.12.1989

(7) Follow-up work

(8) Commission implementing measure



2. INSURANCE

Current problems and 1992 objectives

The Community already has a body of legislation coordinating national laws on the establishment and operation of insurance companies. These coordinated national laws cover such matters as the formation of an insurance company, the opening of branches and agencies and subsequent supervision of technical reserves, assets, solvency margins and minimum guarantee funds.

On the other hand, a number of obstacles still remain to the freedom of an insurance company established in one Member State to cover risks situated in other Member States.

In common with other areas of financial services, the general method for achieving full freedom of establishment and trade will be:

- harmonization of essential standards for supervision;
- mutual recognition by the national supervisory authorities of the monitoring arrangements of each Member State;
- home-country control via coordination by national supervisory authorities, that is to say any insurance company doing business in more than one Member State will be monitored by the authorities in its home country, except in certain clearly defined circumstances for reasons of consumer protection.

The measures governing non-life insurance distinguish between the insurance of mass risks and that of large risks: mass risks are those covered by insurance taken out by individuals, whereas large risks are associated with large commercial enterprises, credit insurance and transport.

The Council has already adopted a Directive on freedom to provide services in non-life insurance, based, in the case of large risks, on the home-country control principle.

Directive 90/619/EEC on the freedom to provide services in life assurance (summary 2.8) takes a slightly different line, distinguishing between contracts where the prospective policy-holder seeks to take out life assurance in another Member State on his own initiative, and all other than life assurance contracts.

It is felt that where a person enters into an assurance contract in another Member State on his own initiative, consumer protection ceases to be a prime consideration, and hence home-country control will apply in such cases.

At the Council meeting on internal market issues held on 21/22 December 1989 the Commission undertook to present before the end of 1990 one or more proposals for Directives designed to complete the single market in life assurance.

These will contain such provisions as are necessary to bring about harmonization of technical reserves, including mathematical reserves, and policy conditions. The Council will examine the proposals as quickly as possible with a view to adopting them before the end of 1992.

The above approach will have the effect of removing the last remaining obstacles to the cross-border provision of insurance services while maintaining adequate standards of supervision and making sure that policy-holders are protected.

In the field of direct insurance other than life assurance, the entry into force of Second Council Directive 88/357/EEC is facilitating the effective exercise of freedom to provide services through the laying-down of rules on cross-border operations (summary 2.9).

A new proposal for a Third Council Directive on non-life insurance was presented by the Commission in July 1990 (summary 2.10). The proposal's aim is twofold: firstly, to enable insurance companies authorized in one of the Member States to establish branches and provide services on the basis of a single licence, subject to supervision by, and in accordance with the rules of, the authorities of the Member States which issued the licence, and secondly, to afford persons seeking insurance access to the widest possible range of insurance products on offer in the Community so that they can choose that which is both the best value for money and best suited to their needs.

In the sphere of motor vehicle liability insurance, a major step has been taken with the adoption of Third Council Directive 90/232/EEC, which deals with a number of outstanding problems relating to the coverage of passengers throughout the Community (summary 2.7).

The proposal for a Council Directive presented by the Commission in 1988 is designed to secure the inclusion of motor vehicle liability insurance in the scope of Second Directive 88/357/EEC was adopted on 8 November 1990 (summary 2.6). When it enters into force on 20 May 1992, it will enable a national of one Member State to take out motor insurance in any other Member State, a process which is at present problematic owing to differences in the coverage of compulsory vehicle liability insurance in the Member States.

On 21 December 1989 the Commission presented a proposal for a Council Regulation on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices in the insurance sector (COM(89) 641 final, published in Official Journal C 16, 23.1.1990).

The purpose of the Regulation is to authorize certain agreements and concerted practices between insurance companies, e.g. those involving the joint fixing of premium rates on the basis of pooled statistics or claims experience.

In July 1990 the Commission presented a proposal for a Directive setting up an 'Insurance Committee' to assist the Commission in its work on insurance (both life and non-life) (COM(90) 344 final, published in the Journal Official C 230, 15.9.1990).

The Committee's remit will be:

- to assist the Commission in the exercise of implementing powers conferred on it by the Council in the acts which the latter adopts;
- to perform this 'committee procedure' role in accordance with procedure III(a) of Council Decision 87/373/EEC;
- to examine any question to do with the application of existing Directives and prepare fresh proposals on insurance.



2. INSURANCE

2.1. Insurance companies: annual accounts

(1) <i>Objective</i>	To adapt for insurance company accounts the Fourth Directive of 25 July 1978 on the annual accounts of companies and the seventh Directive of 13 June 1983 on consolidated accounts. This will make the accounts of insurance companies in different Member States comparable, thus contributing to a single insurance market.	
(2) <i>Proposal</i>	Proposal for a Council Directive on the annual accounts and consolidated accounts of insurance undertakings.	
(3) <i>Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to all insurance companies or firms except small mutual associations. 2. A precise layout for the balance sheet is prescribed. There are special provisions relating to certain balance-sheet items. 3. A precise layout for the profit-and-loss account is prescribed. There are special provisions relating to certain items in the profit-and-loss account. 4. Valuation rules. Pending further coordination, Member States may either impose a specific set of rules or leave companies a choice between alternative rules stated in the Directive. 5. Required contents of the notes on the accounts, e.g. gross premiums broken down into categories of activity (accident and health, motor, fire, etc.) and into geographical markets. 6. A number of provisions are included on the presentation of consolidated accounts. 7. Publication of accounts and annual reports. It must be possible to obtain a copy of these documents upon request. Its price shall not exceed its administrative cost. 	
(4) <i>Opinion of the European Parliament</i>	First reading: Parliament approved the Commission's proposal subject to several technical amendments, a fair number were acceptable to the Commission; other amendments, such as the amendment relating to the evaluation of placements by insurance companies, were not accepted by the Commission.	
(5) <i>Current status</i>	The amended proposal is currently before the Council with a view to adoption of a common position.	
(6) <i>Reference</i>	Commission proposal COM(86) 764 final Amended proposal COM(89) 474 final European Parliament opinion First reading Economic and Social Committee opinion	Official Journal C 131, 18.5.1987 Official Journal C 30, 8.2.1990 Official Journal C 96, 17.4.1989 Official Journal C 319, 30.11.1987

2. INSURANCE

2.2. Insurance companies: the winding-up of insurance companies

- (1) *Objective* To harmonize Member State provisions concerning the compulsory winding-up of insurance companies.
- (2) *Proposal* Proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings.
- (3) *Contents*
1. Concerns insurance companies which fall within the scope of the first non-life coordination Directive, as amended by the Second Directive 88/357/EEC, or of the first life coordination Directive 79/267/EEC.
 2. Obligation on direct insurance companies to keep registers of assets representing technical reserves corresponding to direct insurance transactions and to reinsurance acceptances.
 3. Two types of compulsory winding-up are envisaged, depending on the company's situation with regard to assets: normal compulsory winding-up and special compulsory winding-up. A company will be wound up according to the principles of unity of procedure and universality of effects.
 4. Normal compulsory winding-up procedure: this must be carried out by the company except where this task is not performed satisfactorily, in which case the supervisory authority in the home Member State may appoint an administrator or propose such an appointment. The grounds for such a decision must be clearly and precisely stated. In order to protect insurance creditors, notice of withdrawal of authorization will be published in the Official Journal of the European Communities and in two nationally distributed newspapers in the Member States in which there are creditors. Similarly, Member States must take the necessary steps to ensure that the winding-up is carried out as rapidly as possible. The normal compulsory winding-up procedure is applicable to all Member States.
 5. Special compulsory winding-up in the event of insolvency: This will be carried out by appointed liquidators under supervision of the competent authorities of the Member State in which the company's head office is situated. As with normal compulsory winding-up, Member States must take the steps necessary to ensure that the special compulsory winding-up is effective and is publicized. The liquidators may not transfer a portfolio without the prior authorization of the supervisory authority or the courts.
 6. Rules governing the treatment of insurance creditors when winding-up takes place and the settlement of claims. This Directive is applicable to branches of direct insurance companies from third countries doing business in the Community.
- (4) *Opinion of the European Parliament* First reading: The proposal for a Directive was approved by Parliament subject to three amendments seeking to improve consumer information that were acceptable to the Commission.
- (5) *Current status* The amended proposal is before the Council, for the adoption of a common position.

*(6) Reference*

Commission proposal

COM(86) 768 final

Amended proposal

COM(89) 394 final

European Parliament opinion

First reading

Economic and Social

Committee opinion

Official Journal C 71, 19.3.1987

Official Journal C 253, 6.10.1989

Official Journal C 96, 17.4.1989

Official Journal C 319, 30.11.1987

2. INSURANCE

2.3. Insurance contracts

<i>(1) Objective</i>	To promote the cross-frontier provision of non-life insurance by coordinating laws concerning information on policies, cover, premiums and the obligations of policy-holders and insurers.	
<i>(2) Proposal</i>	Proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to insurance contracts.	
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Required contents of the insurance contract document, e.g. name and address of the contracting parties, subject-matter of the insurance, the amount insured. The contracts shall be drafted in the language of the Member State whose law is applicable.2. Existence of cover will depend on the payment of the premium, the duration of the contract, and the position of insured persons who are not policy-holders.3. The insurer may request notification of any changes in circumstances in the contract. These must be provided by the policy-holder as they occur during the cover period.4. Time-limits and obligations relating to amendments to the insurance contract, e.g. the policy-holder is allowed 15 days to decide whether he will accept a proposed amendment.5. In the event of an increase in risk the contract shall be amended; in the event of decrease of risk there shall be a reduction in premium.6. Obligations of the policy-holder and insurer in the event of a claim, e.g. the policy-holder shall take all reasonable steps to minimize the loss.7. Circumstances and conditions in which the contract may be renounced or terminated, e.g. when one of the parties has failed to fulfil an obligation.	
<i>(4) Opinion of the European Parliament</i>	First reading: Parliament approved the Commission's proposal subject to a number of recommendations for amendment. The Commission adopted certain of these proposals but not others.	
<i>(5) Current status</i>	The amended proposal is now before the Council. The cooperation procedure will apply giving Parliament the opportunity of a second reading once it has received the Council's common position.	
<i>(6) Reference</i>	Commission proposal COM(79) 355 final	Official Journal C 190, 28.7.1979
	Amended proposal COM(80) 854 final	Official Journal C 355, 31.12.1980
	European Parliament opinion First reading	Official Journal C 265, 13.10.1980
	Economic and Social Committee opinion	Official Journal C 146, 16.6.1980



2. INSURANCE

2.4. Legal-expenses insurance

<i>(1) Objective</i>	To coordinate national requirements for insurance against legal costs. Currently, Germany only permits specialist legal insurers to provide cover for legal costs. This Directive will require Germany to abolish this requirement.
<i>(2) Community measure</i>	Council Directive 87/344/EEC of 22 June 1987 on the coordination of laws, regulations and administrative provisions relating to legal-expenses insurance.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. Legal-expenses insurance covers the costs of legal proceedings and other services relating to settlement of the claim. This Directive does not apply to risks in connection with sea-going vehicles. 2. Obligation on insurance undertakings to provide for a separate contract or a separate section of a single policy for legal-expenses insurance. 3. Obligation on insurance undertakings either: <ul style="list-style-type: none"> — to have separate management for legal-expenses insurance; — to entrust the management of claims in respect of legal expenses insurance to an undertaking having separate legal identity; or — to afford the insured person the right to entrust the defence of his interest, from the moment that he has the right to claim from his insurer under the policy, to a lawyer of his choice. In all cases the insured must have the right to choose his lawyer if the claim goes to a court or tribunal. 4. In the case of disagreements between the insurer and the insured there must be a right to impartial arbitration.
<i>(4) Deadline for implementing Member State legislation</i>	1.7.1990
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 185, 4.7.1987
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

2. INSURANCE

2.5. Credit and suretyship insurance

<i>(1) Objective</i>	To eliminate the German requirement that these two classes of insurance may only be carried out by specialist firms and to provide additional financial guarantees for credit insurance.
<i>(2) Community measure</i>	Council Directive 87/343/EEC of 22 June 1987 amending, as regards credit insurance and suretyship insurance, First Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life insurance.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Elimination of German specialist requirements.2. Obligation on Member States to require additional financial guarantees for credit insurance by underwriters. This will be achieved by setting up an equalization reserve. The reserve will allow any above-average claims or technical deficit for one year to be offset against another year.3. Obligation on insurance firms to increase their reserves within a set period of time as a result of these amendments.4. Annex containing the four permitted methods of calculating the equalization reserve.
<i>(4) Deadline for implementing Member State legislation</i>	1.7.1990
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 185, 4.7.1987
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	



2. INSURANCE

2.6. Motor vehicle liability insurance: freedom to provide services

<i>(1) Objective</i>	The primary aim of the Directive is to bring compulsory third-party motor vehicle insurance within the scope of Second non-life insurance Directive 88/357/EEC (see summary 2.9), thereby enabling the exercise of freedom to provide services in this class of insurance.
<i>(2) Community measure</i>	Council Directive 90/618/EEC of 8 November 1990, amending, particularly as regards motor vehicle liability insurance, First Council Directive 73/239/EEC and Second Council Directive 88/357/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to the provision of third-party motor vehicle insurance by an insurer established in one Member State in respect of vehicles registered in other Member States. 2. Two classes of risk, namely class 10 (motor vehicle liability) and class 3 (damage to or loss of land motor vehicles or other land vehicles), are now to be included in the Second Directive system which distinguishes between large risks and mass risks with corresponding degrees of supervision by home and host countries. 3. Classes 10 and 12 (Italian motorboat risks) are now to be included in the freedom-of-services provisions of the Second Directive, and thus may now be covered by way of provision of services by insurers in other Member States. 4. A new group of classes entitled 'motor insurance' is to be introduced for the keeping of gross premium statistics in respect of the business written by each insurance company by way of provision of services in a given country. 5. The Member State of provision of services must require the services undertaking to become a member of, and participate in the financing of, its national motor insurers' bureau and its national guarantee fund. The membership contributions should be based only on the premium income from this insurance class in the State in question or the number of vehicles insured, i.e. an annual membership fee or minimum contribution may not be required. 6. Insurers must appoint a representative in the Member State of provision of services, responsible mainly for collecting information and representing the insurer in relation to persons pursuing claims or seeking redress before the courts or authorities of that State. The Member State of provision of services may require the representative to help it verify the existence and validity of insurance cover.
<i>(4) Deadline for implementing Member State legislation</i>	20.5.1992
<i>(5) Date of entry into force (if different from 4)</i>	

(6) Reference

(7) Follow-up work

*(8) Commission
implementing
measure*

Official Journal L 330, 29.11.1990



2. INSURANCE

2.7. Motor vehicle liability insurance: coverage of passengers

<i>(1) Objective</i>	The Directive seeks to resolve certain problems not dealt with in the existing third-party motor insurance Directives, Directives 72/166/EEC and 84/5/EEC, and in particular to fill the gaps that still exist in the compulsory insurance coverage of passengers across the Community.
<i>(2) Community measure</i>	Third Council Directive 90/232/EEC of 14 May 1990 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. All passengers of vehicles, other than a driver or passenger who has knowingly and willingly entered a stolen vehicle, should be covered by the compulsory third-party liability insurance. 2. Member States must take the necessary steps to ensure that all compulsory insurance policies covering civil liability in respect of the use of vehicles cover the entire territory of the Community. The directive seeks to make certain that a motorist using his vehicle outside his home country will never have less than his home country's insurance cover. 3. The second motor insurance Directive 84/5/EEC requires each Member State to set up or authorize a body (guarantee fund) to compensate the victims of accidents caused by uninsured or unidentified vehicles. The new Directive adds to this a clause prohibiting Member States from allowing the guarantee fund to make the payment of compensation conditional on the victim establishing that the person responsible is unable or unwilling to pay. 4. Where there is a dispute between the guarantee fund and an insurer as to which should compensate the victim of an accident, Member States must ensure that one of these parties is designated as responsible for compensating the victim without delay in the first instance. 5. Member States must take the measures necessary to ensure that persons involved in a road accident are able to find out as soon as possible the name of the insurance companies covering civil liability in respect of the use of each of the vehicles concerned.
<i>(4) Deadline for implementing Member State legislation</i>	31.12.1992
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 129, 19.5.1990
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

2. INSURANCE

2.8. Life assurance: freedom to provide services

(1) Objective

To lay down rules for the exercise of cross-frontier life assurance, balancing the needs of freedom to provide services and consumer protection and thereby developing the internal market in life assurance. To ensure reciprocity between the treatment of, undertakings governed by laws of third countries who wish to operate in the Community from a subsidiary, on the one hand, and the treatment enjoyed by Community undertakings in third countries on the other.

(2) Community measure

Second Council Directive 90/619/EEC of 8 November 1990 on the coordination of laws, regulations and administrative provisions relating to direct life assurance, laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 79/267/EEC.

(3) Contents

1. Definitions of the concepts of 'undertaking', 'establishment' and 'Member State of the commitment'. The definition of undertaking is worded so as to ensure that non-Community insurers who are established in the Community only through an agency or a branch do not benefit from the provisions on freedom to provide services. 'Member State of the commitment' means the Member State in which the policy-holder has his habitual residence or, if the policy-holder is a legal person, in which his establishment is situated.

2. Some clauses are of general application, whereas others apply only to the provision of cross-border services. The Directive applies to both individual and group life assurance, but not to the management of group pension funds.

3. A distinction is made between commitments entered into on the initiative of the policy-holder and other commitments. The policy-holder will be deemed to have undertaken the initiative where:

- the initial contact between the policy-holder and the assurer is made by the policy-holder; or
- the contract is concluded in the Member State where the insurer is established without any contact being made between the policy-holder and the insurer in the Member State where the policy-holder has his habitual residence; or
- the contract is concluded with the help of a broker. Member States may postpone application of this provision for three years.

The second category, that of other contracts, includes all individual contracts not resulting from such initiatives. There is considered to be a greater need for consumer protection in respect of this category.

4. Commitments entered into on the initiative of the policy-holder benefit from home-country control (all control is in the State of establishment of the insurer). There are specific rules for these commitments in areas such as advertising, the use of brokers, etc., that are intended to provide a measure of protection for the policy-holder. However, before entering into a commitment on his own initiative in another Member State, the policy-holder must sign a statement that he is aware that the commitment is subject to the rules of supervision of the Member State of the insurer who is to cover the commitment.



5. Other contracts are subject to the supervisory rules of the Member State of commitment, e.g. as regards policy conditions and technical reserves, although this provision is optional.
6. A policy-holder who concludes an individual life assurance contract under his own initiative will have a period of at least 30 days within which to cancel the contract.
7. Where a contract is to be concluded on the initiative of the policy-holder, an insurer established in another Member State may accept the contract by way of freedom to provide services, even if he has an establishment in the Member State of commitment. As regards other contracts covered by this Directive, this provision may apply but, where an assurer is authorized to provide services in respect of life business in another Member State and has an establishment in that other Member State, he may be required by that Member State to transact such business only from his establishment there.
8. The general provisions include rules on the choice of contract law (governing relations between the insurer and the policy-holder). In general, the law applicable will be the law of the Member State of the commitment, although there are provisions designed to guarantee the freedom to choose a different contract law.
9. A number of rules strengthen and amplify those in the first life assurance Directive; these concern in particular:
 - the powers of the supervisory authorities;
 - the transfer of portfolios;
 - a system of penalties where the insurer fails to comply with the laws of the Member State of commitment.
10. Introduction of a procedure governing reciprocity between the Community and third countries in respect of life assurance. The authorization of a subsidiary of a non-Community company or the acquisition by a non-Community company of a share in the capital of a Community insurer may be subject to a special procedure the purpose of which is to ensure that Community insurers gain comparable access to the third country in question and receive the national treatment normally reserved for companies of that country.
11. Composite undertakings, which are forbidden under the first life assurance Directive from transacting life business by way of establishment in another Member State, may do so by way of freedom to provide services, albeit for a limited period in some cases. The rules governing such undertakings are to be reviewed at a later date.
12. The rule that insurers established in Italy must cede part of their underwriting business to the Italian National Assurance Institute must be abolished within four years.
13. Every contract written under freedom to provide services is subject only to the indirect taxes on premiums applicable in the Member State of commitment. The tax arrangements of the country of the policy-holder are therefore applied for the benefit of that country.
14. Provisions for cooperation between the supervisory authorities of the Member States, and between these authorities and the Commission.

*(4) Deadline for
implementing
Member State
legislation*

20.11.1992

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 330, 29.11.1990

(7) Follow-up work

(8) Commission implementing measure

The Commission is to forward to the European Parliament and the Council regular reports, the first on 20 November 1995, on the development of the market in life assurance and operations transacted under conditions of freedom to provide services.



2. INSURANCE

2.9. Direct insurance other than life assurance: freedom to provide services

- (1) *Objective* To lay down rules for the exercise of cross-frontier non-life insurance which balance the needs of freedom and consumer protection in various circumstances, and thereby to break down barriers between national markets.
- (2) *Community measure* Second Council Directive 88/357/EEC of 22 June 1988 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC.
- (3) *Contents*
1. Definitions including 'establishment' and 'Member State where risk is situated'. For the purposes of the Directive, services business is the covering by an insurer established in one Member State of a risk situated in another (Member State of provision of services), regardless of where the policy-holder is resident or established.
 2. Some articles are of general application; others apply only to the provision of cross-frontier services. Some classes of business (e.g. third-party motor liability, construction insurance) are excluded from the freedom-of-services provisions and will have to be dealt with in later Directives.
 3. A distinction is made between large risk and mass risk business. Large risks are:
 - transport risks (including goods in transit), regardless of size;
 - credit and suretyship risks, if linked to a trade;
 - fire and other property damage, general liability, pecuniary loss, where the policy-holder, or group to which he belongs, meets two out of three conditions (relating to balance sheet size, turnover and number of employees the figures are found in accounts prepared in accordance with other Directives).
 Mass risks are all other cases where there is considered to be greater need for consumer protection.
 4. Large risks are subject to lighter controls than mass risks in both establishment and services situations (in particular, no prior approval of policy conditions and premium rates, leaving the parties free to negotiate their own terms).
 5. Large risks benefit from home-country control in services business (all financial control is in the State of establishment). The insurer must, however, obtain a certificate of solvency from the State where his head office is located and send it to the host State with a notification of the intended activity.
 6. Mass risks may be subject to heavy control in the State of provision of services, including:
 - authorization requirement (detailed information to be supplied which the recipient State has six months to consider);
 - technical reserves (needed to ensure that funds are available to meet claims) established in accordance with that State's rules;
 - that State's rules apply to policy conditions (thus determining the nature of the products that may be sold).

7. Articles of general application include rules on choice of contract law (governing insurer/policy-holder relations). These rules are intended to protect the policy-holder: the amount of choice depends on the circumstances of the policy-holder and never on those of the insurer.

8. Special rules apply to compulsory insurances.

9. A number of rules strengthen and amplify those in the first non-life insurance coordination Directive of 1973 these concern in particular:

- the powers of the supervisory authorities;
- the determination of currencies in which assets have to be held;
- the transfer of portfolios.

10. The State where the risk is situated has the right to impose taxes on the premiums paid for the insurance of risks situated in its territory regardless of where the insurer is established.

11. The Directive enters into force on 29 June 1990 but the large risk provisions do not fully come into force until 1 January 1993, and Spain, Portugal, Greece and Ireland have longer transitional periods.

(4) Deadline for implementing Member State legislation

29.6.1990

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 172, 4.7.1988

(7) Follow-up work See summary 2.10.

(8) Commission implementing measure



2. INSURANCE

2.10. Direct insurance other than life assurance: Third Directive

(1) Objective

This is twofold:

- first, to enable insurance undertakings authorized in one of the Member States to establish branches and provide services on the basis of a single licence, subject to supervision by, and in accordance with the rules of, the authorities of the Member State which issued the licence;
- and secondly, to afford insurance buyers access to the widest possible Community insurance market so that they can choose the product most suited to their requirements in terms of cover and price proposed.

(2) Proposal

Proposal for a Third Council Directive on the coordination of laws and regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC.

(3) Contents

1. Definition of the terms 'First Directive' (Directive 73/239/EEC), 'Second Directive' (Directive 88/357/EEC — see summary 2.9), 'insurance undertaking', 'branch', etc.
2. The taking-up of the business of direct insurance will be subject to prior official authorization. Such authorization will be valid throughout the Community and will enable insurance undertakings to carry on business there, either by way of right of establishment or by way of freedom to provide services.
Conditions governing the grant of authorization.
3. Harmonization of the conditions governing the pursuit of business. This covers the following areas:
 - supervisions of insurance undertakings: financial supervision, verification of the state of solvency, establishment of technical provisions, transfers of portfolios, supervision of major shareholders or members;
 - technical provisions and investments: home-country control of technical provisions and investments, investment of technical provisions, admissible investments, diversification of investments, valuation, currency matching, inclusion of subordinated loan capital in the list of assets recognized for the purpose of covering the solvency margin;
 - provisions on the law applicable to insurance contracts and policy conditions: choice of law applicable to the contract, abolition of prior approval of premium scales and policies, compulsory insurance.
Objective: to protect customers.
4. Provisions on freedom of establishment and freedom to provide services:
 - freedom of establishment: the Directive provides that an insurance undertaking which wishes to establish a branch in another Member State must notify the authorities of its home Member State, supplying them with the necessary background information;
 - Freedom to provide services: the Directive provides that any insurer who wishes to carry on non-life business by way of

provision of cross-border services must indicate to his home-country authorities the Member State or States in which he intends to provide services and the classes of business he proposes to transact there;

— technical adjustments and abolition of the prohibition on the simultaneous pursuit of business by way of establishment and by way of freedom to provide services so as to introduce a uniform system of supervision applicable to all direct non-life insurance business.

5. The Directive also contains a set of measures concerning:

- the approval of contract documents used by insurers;
- a system of sanctions designed to ensure compliance with the rules governing the pursuit of insurance business;
- full access to all the normal means of mass advertising;
- equal treatment of all creditors in the event of an insurance undertaking being wound up;
- arrangements for the provision of information to the policyholder in respect of contracts entered into, including the address of the branch of the undertaking granting the cover;
- the furnishing of statistical information to the supervisory authority in the home Member State;
- participation, in respect of business done by way of establishment, in claims settlement schemes (guarantee funds);
- the principle of the territoriality of taxation, i.e. application of the system of taxation of the Member State in which the risk is situated, for the benefit of that State.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status

The proposal has been submitted to Parliament and the Economic and Social Committee for their opinion.

(6) Reference

Commission proposal
COM(90) 348 final

Official Journal C 244, 28.9.1990



3. TRANSACTIONS IN SECURITIES

Current problems and 1992 objectives

If the Community is to become a single market, as opposed to a grouping of 12 national markets, a European securities market system has to be created to meet the needs of both investors and companies in search of capital.

Financial intermediaries authorized in one Member State shall be able to operate throughout the Community on the basis of a single licence issued in their home Member State.

The general approach to achieving the single market in securities is common to that adopted in all areas of financial services. It is a three-pronged approach comprising:

- harmonization of essential standards;
- mutual recognition by the national supervisory authorities of the controls applied in the country in which the head office is situated;
- home-country control, through coordination of national authorities, will mean that any organization operating in several Member States will be controlled by the authorities in the country in which it has its head office.

The Community has already made considerable progress in this direction: coordination of the conditions for admission of securities to official stock-exchange listing, the contents, scrutiny and method of publication of the listing particulars; publication of information by listed companies. This has taken place in parallel with the achievements in liberalizing capital movements.

The following components of the securities markets have already been put in place:

- collective investment undertakings in transferable securities, known as Ucits. These include open-ended mutual funds and unit trusts. While the harmonization work paving the way for the freedom to deal in such securities has been completed, the need now is to ensure the mutual recognition of licences issued by the supervisory authorities;
- information on the acquisition or disposal of major holdings in the capital of listed companies;
- prospectuses are issued when securities are offered for subscription or sale;
- mutual recognition of the listing particulars published for the admission of securities to official stock-exchange listing;
- insider trading.

Work still has to be completed on investment services.

Outside of the framework of the White Paper the Commission also presented in April 1990 a new proposal relating to capital adequacy of investment firms (see summary 3.9).

3. TRANSACTIONS IN SECURITIES

3.1. Mutual recognition of listing particulars to be published for the admission of securities to official stock-exchange listing

<i>(1) Objective</i>	To specify which authorities are competent to check and approve listing particulars in cases where an application for admission to official listing is made in more than one Member State. To establish the principle of reciprocal agreements with non-EEC countries.
<i>(2) Community measure</i>	Council Directive 87/345/EEC of 22 June 1987 amending Directive 80/390/EEC coordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock-exchange listing.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Where applications for admission to official listing are made in two or more Member States, listing particulars must be drawn up in the Member State where the issuer's registered office is situated. If it is not in any of the Member States, the issuer must choose one of these States.2. Mutual recognition of one Member State's approval of listing particulars by the others.3. Cooperation between the competent authorities of the relevant Member States for the exchange of information necessary to carry out their duties.4. Negotiations with non-member countries for reciprocal recognition of listing particulars.
<i>(4) Deadline for implementing Member State legislation</i>	<ul style="list-style-type: none">— Portugal 1.1.1992— Spain 1.1.1991— Others 1.1.1990
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 185, 4.7.1987
<i>(7) Follow-up work</i>	See summary 3.2.
<i>(8) Commission implementing measure</i>	



3. TRANSACTIONS IN SECURITIES

3.2. Mutual recognition of public offer prospectus as stock-exchange listing particulars

<i>(1) Objective</i>	To extend the scope of arrangements for mutual recognition to public offer prospectuses.
<i>(2) Community measure</i>	Council Directive 90/211/EEC of 23 April 1990 amending Directive 80/390/EEC in respect of mutual recognition of public offer prospectuses as stock-exchange listing particulars.
<i>(3) Contents</i>	<p>1. Where application for admission to official listing on a stock exchange situated in a Member State is made and the securities have been the subject of a public offer prospectus drawn up and approved in that or any other Member State in accordance with Articles 7, 8 or 12 of Council Directive 87/298/EEC in the three months preceding the application for admission, the public offer prospectus must be recognized as listing particulars in the Member State in which application for official listing is made, without any other formalities being necessary.</p> <p>2. The competent authorities may, however, require that the prospectus include information specific to the market of the country of admission, concerning, in particular, the income tax system, the financial organizations retained to act as paying agents for the issuer in the country of admission and the ways in which notices to investors are published.</p>
<i>(4) Deadline for implementing Member State legislation</i>	7.4.1991
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 112, 3.5.1990
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

3. TRANSACTIONS IN SECURITIES

3.3. Prospectus for public offerings of securities

(1) Objective To ensure adequate provision of information concerning securities and their issuers. To provide for mutual recognition of prospectuses approved in a single Member State.

(2) Community measure Council Directive 89/298/EEC of 17 April 1989 coordinating the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when securities are offered to the public.

(3) Contents

1. The Directive applies to securities which are offered to the public within one or more Member States. List of exceptions, e.g. open-ended collective investment undertakings (such as unit trusts), Eurosecurities.
2. Requirement for prospectus to be published by the person making the offer. Contents of the prospectus to include all information needed to make an informed financial assessment of the securities. Less detailed disclosure where there is no application for official listing.
3. Arrangements for scrutiny of the prospectus by the appointed authorities in Member States (if application for official listing) and publication of the prospectus.
4. Cooperation between the Member States and provisions for the mutual recognition of prospectuses. This is particularly important when offers of the same securities are made within short intervals in several Member States.

(4) Deadline for implementing Member State legislation 17.4.1991

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 124, 5.5.1989

(7) Follow-up work

(8) Commission implementing measure



3. TRANSACTIONS IN SECURITIES

3.4. Information on major holdings

<i>(1) Objective</i>	To coordinate policy on investor protection, with regard to publication of information about major holdings.
<i>(2) Community measure</i>	Council Directive 88/627/EEC of 12 December 1988 on information to be published when a major holding in a listed company is acquired or disposed of.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to persons who acquire or dispose of major holdings in a company whose shares are officially listed on a stock exchange and which is incorporated in a Member State. 2. When a single holding goes above or falls below 10, 20, 33.33, 50, or 66.66% of the subscribed capital, the shareholder shall notify the company of the percentage he holds within seven calendar days. The company must then publish this information. 3. Rules for calculating the percentage holdings, e.g. indirect holdings to be counted. 4. Power of Member State authorities to exempt companies from notification requirements where they consider that the disclosure of such information would be seriously harmful to the companies involved.
<i>(4) Deadline for implementing Member State legislation</i>	1.1.1991
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 348, 17.12.1988
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

3. TRANSACTIONS IN SECURITIES

3.5. The regulation of insider trading

(1) Objective To prohibit insider dealing, whereby investors who are in possession of inside information take advantage of that information at the expense of others who are not, and thus ensure that all investors are placed on an equal footing.

(2) Community measure Council Directive 89/592/EEC of 13 November 1989 coordinating regulations on insider trading.

(3) Contents

1. Member States are required to prohibit primary insiders from buying or selling transferable securities while knowingly making use of inside information.
2. Inside information is defined as information which has not been made public, of a precise nature and relating to one or more issuers of transferable securities or to one or more transferable securities which, if it were made public, would be likely to have a significant effect on prices.
3. Primary insiders are persons who possess inside information:
 - either by virtue of their membership of the administration, management or supervisory bodies of the issuer; or
 - by virtue of their holdings in the capital of the issuer; or
 - because they have access to such information by virtue of the exercise of their employment, profession or duties.
4. Prohibition of disclosure by primary insiders of inside information to third parties, who would then become secondary insiders. The same prohibition on the use of inside information received applies to secondary insiders.
5. Issuers of securities should immediately inform the public of circumstances or decisions which are likely to have a material effect on the price. Such information can only be kept confidential if the authorities permit.
6. Cooperation between national authorities.
7. Penalties will be fixed by the Member States but must constitute a sufficient deterrent to insider trading.
8. The Directive shall not apply to transferable securities issued by a State or by its regional or local authorities. Member States may also decide that the prohibition on insider trading will not apply to transactions outside a stock exchange and not involving a professional intermediary.
9. Member States may adopt provisions more stringent or extensive than those laid down by the Directive.

(4) Deadline for implementing Member State legislation 1.6.1992

(5) Date of entry into force (if different from 4)



(6) Reference

(7) Follow-up work

*(8) Commission
implementing
measure*

Official Journal L 334, 18.11.1989

3. TRANSACTIONS IN SECURITIES

3.6. Investments : collective investment undertakings (Ucits)

<i>(1) Objective</i>	To coordinate national laws governing Ucits (e.g. unit trusts) to give unit holders throughout the Community uniform and more effective protection. To permit these companies to market units throughout the EEC on the basis of a single licence.
<i>(2) Community measure</i>	Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits).
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Ucits are undertakings whose sole object is the collective investment in transferable securities of capital raised from the public and the units which are, at the request of the holders, re-purchased or redeemed out of the undertakings' assets.2. Ucits require authorization from the Member State in which they are situated. This authorization is valid for all Member States.3. The structure of Ucits are in particular, obligations concerning their management, investment, and depositor companies.4. Obligations concerning the investment policies of Ucits, e.g. at least 90% of the investments of a unit trust must consist of transferable securities listed on a stock exchange or on another regulated market, or recently issued transferable securities.5. Requirement to publish a prospectus, periodical reports, and information on sale price of the units.6. Special provisions applicable to Ucits which market their units in Member States other than those in which they are situated, e.g. a Ucits which markets its units in another Member State must comply with the laws in force in that State.7. Designation of authorities responsible for authorization and supervision within each Member State.
<i>(4) Deadline for implementing Member State legislation</i>	1.10.1989. Member States may grant an additional period of 12 months to comply with those rules for Ucits existing on that date; facility for Greece and Portugal to postpone application up to 1 April 1992.
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 375, 31.12.1985
<i>(7) Follow-up work</i>	If necessary, to extend postponement of the Directive in Greece and Portugal.
<i>(8) Commission implementing measure</i>	



3. TRANSACTIONS IN SECURITIES

3.7. Investments: special measures for certain investments by Ucits

<i>(1) Objective</i>	To enable unit trusts and comparable bodies (Ucits) to treat certain bonds neither issued nor guaranteed by the State as offering similar security to State-guaranteed bonds. Also specifically to extend the limit of investment in transferable securities issued by a single body.
<i>(2) Community measure</i>	Council Directive 88/220/EEC of 22 March 1988 amending, as regards the investment policies of certain Ucits, Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits).
<i>(3) Contents</i>	<p>1. Amendment to Directive 85/611/EEC (summary 3.6) with regard to one specific class of transferable security so that a Ucits may now invest up to 25% of its assets rather than the 5% it could previously invest in issues of bonds by a single body. These securities are bonds issued by a credit institution which has its registered office in a Member State and is subject to special statutory supervision designed to protect bond-holders.</p> <p>2. When a Ucits invests more than 5% of its assets in bonds as described in (1), which have been issued by a single credit institution, the total value of such investments may not exceed 80% of the value of the assets of the Ucits.</p> <p>3. Investments made in terms of this extended limit will not be taken into account in applying the general rule of Directive 85/611/EEC that, when a Member State authorizes more than 5% to be invested in securities of a single issuer, such investment must not cumulatively exceed 40% of the total assets of a Ucits.</p> <p>4. The different limits for investment in State or equivalent guaranteed bonds may not be combined. Thus, investments in such transferable securities issued by a single body may not exceed 35% of the assets of a Ucits.</p> <p>5. The Member States shall send the Commission a list of categories of bonds as described in (1) and lists of categories of authorized issuers. The status of the guarantees offered shall be specified.</p>
<i>(4) Deadline for implementing Member State legislation</i>	1.10.1989. Derogations for Greece and Portugal until 1 April 1992 and power for the Commission to propose an extension of the derogation.
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 100, 19.4.1988
<i>(7) Follow-up work</i>	If necessary, to extend postponement of the Directive in Greece and Portugal.
<i>(8) Commission implementing measure</i>	

3. TRANSACTIONS IN SECURITIES

3.8. Investment services

(1) Objective

To promote a single market in investment services by laying down an authorization procedure for any person wishing to provide one or more of the services in the Directive (investment advice, broking, dealing or portfolio management) and common rules for prudential supervision. On the basis of this authorization the investment firm will be allowed to set up branches and provide cross-frontier services without further authorization (home-country authorization). To liberalize access to stock-exchange membership in host Member States for investment firms authorized by their home Member States.

(2) Proposal

Proposal for a Council Directive on investment services in the securities field.

(3) Contents

1. Definitions of 'credit institution', 'investment service', 'investment firm', 'home Member State', 'host Member State', 'branch', 'qualifying holding', 'parent undertaking', 'subsidiary', and 'member of a stock exchange' or 'organized market'.
2. The Directive will apply to all investment firms. However, only Articles 9(2), 11 and 13 will apply to investment firms that are credit institutions.
3. Criteria for granting and withdrawing authorization of investment firms in the home Member State. The competent authorities in each Member State must ensure that:
 - the investment firm has sufficient initial financial resources for the proposed activities;
 - the persons directing the business have sufficient professional integrity and experience;
 - holders of qualified participations are suitable persons.Authorization applications will have to be accompanied by a programme of operations.
4. Authorization will apply to one or more of the investment services defined in the Annex: brokerage, dealing as principal, market-making, portfolio management, arranging or offering underwriting services, professional investment advice, and safekeeping and administration of specified instruments.
5. Investment firms that are credit institutions and which have been authorized for particular investment activities as a result of their banking authorizations will not require a further authorization under this Directive for these activities.
6. Investment firms whose existing authorization meets the Directive's standards do not have to be authorized again when the Directive comes into force provided that the authorization was given under equivalent conditions to those spelt out in the Directive.
7. Introduction of a procedure for reciprocity with third countries. Member States must inform the Commission of any authorization of a direct or indirect subsidiary of one or more parent undertakings in third countries and of any holding acquired by a parent undertaking in a Community investment firm such that the latter would become its subsidiary.



8. Whenever it appears to the Commission that a third country is not granting Community investment firms effective market access comparable to that granted by the Community to investment firms from that country, it may initiate negotiations in order to secure comparable competitive opportunities for Community investment firms.

9. Proposed changes in qualifying holdings in an investment firm must be notified to the supervisory authorities to enable them to assess the suitability of the new shareholders/members.

10. The Directive identifies certain rules of a prudential nature and for protection of investors, which are placed under exclusive home-country control. All Member States must establish a general compensation scheme to protect investors against default or bankruptcy of an investment firm. However, until further harmonization of these schemes, host-country control will apply to branches of investment firms. The home-country scheme will only apply to host-country business done under the freedom to provide services.

11. Rules for initial authorization must continue to be respected once the services in question have started to be provided. The home country supervisory authorities are responsible for monitoring compliance with these rules regardless of whether a firm opens a branch or provides services in other Member States.

12. Member States must permit investment firms from other Member States to carry out, in their territory, the activities authorized by the home country, either by establishing a branch or by provision of services without a branch.

13. Host Member States may not make the establishment of a branch or the provision of services by an investment firm authorized by its home Member State subject to further authorization or to a requirement to provide separate endowment capital. Host Member States shall ensure that investment firms authorized to provide broking, dealing or market-making services in their home Member State can enjoy the full range of privileges normally reserved to members of stock exchanges of host Member States. To do this, host Member States shall ensure that all authorized investment firms have the opportunity to become members of host Member States' stock exchanges or organized securities markets, provided they set up a branch or subsidiary which meets the local structural/organizational requirements. Alternatively, an existing member firm may be acquired.

14. Rules for notification to be made and formalities to be completed when either a branch is opened or services are provided in a host Member State.

15. Procedures to be followed by the authorities of either the home or the host Member State where an investment firm having an established branch or providing services fails to comply with the legal provisions in force in the host Member State.

16. Annex defining investment activities and financial instruments coming within the scope of the Directive.

(4) Opinion of the European Parliament

First reading: Parliament endorsed the proposal, subject to a number of amendments, some of which have been accepted by the Commission.

(5) Current status

The amended proposal incorporating Parliament's amendments that have been taken up by the Commission is now before the Council with a view to adoption of a common position.

(6) Reference

Commission proposal
COM(88) 778 final
Amended proposal
COM(89) 629 final
European Parliament opinion
First reading
Economic and Social
Committee opinion

Official Journal C 43, 22.2.1989
Official Journal C 42, 22.2.1990
Official Journal C 304, 4.12.1989
Official Journal C 298, 27.11.1989



3. TRANSACTIONS IN SECURITIES

3.9. Capital adequacy of investment firms and credit institutions

<i>(1) Objective</i>	To supplement the Directive on investment services by harmonizing the capital requirements for investment firms. To ensure that there is freedom to provide investment services throughout the Community for investment firms, whether or not they are credit institutions. To subject bank and non-bank investment firms to equivalent legislative requirements so as to ensure fair competition.
<i>(2) Proposal</i>	Proposal for a Council Directive on capital adequacy of investment firms and credit institutions.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The minimum initial capital requirement for investment firms which are not credit institutions is set at ECU 500 000. The requirements applicable to credit institutions are laid down in Council Directive 89/646/EEC (Official Journal L 386, 30.12.1989 — see summary 1.3). Provision is made for derogations from the capital requirements for certain specified cases in order to take account of the various kinds of investment firm and the type of operation they carry out. 2. In order to guarantee the ongoing financial soundness of such firms, capital requirements are laid down to cover the market risks to which they are exposed. 3. The first requirement concerns the position risk. According to the rules proposed, each firm must keep in the form of capital a given percentage of its long and short positions, after allowance has been made for its hedging operations. 4. Secondly, there is a foreign-exchange risk requirement in respect of losses which the firm may suffer in the event of adverse exchange-rate movements. 5. The third requirement relates to unsettled transactions, i.e. to those in which one or other party has not paid for the securities it has contracted to buy or has not delivered the securities it has contracted to sell. 6. The proposal also lays down a base' requirement according to which each firm is required to hold own funds equivalent to one quarter of the previous year's fixed overheads. This requirement is intended to cover all the other risks to which an investment firm is exposed, e.g. the risk that market turnover collapses, reducing a firm's broking income to a level insufficient to cover its expenses. 7. Investment firms are required to assess their positions daily at market prices. Similarly, they are required to transmit to the competent authorities in their Member State of origin any information necessary for those authorities to check that the rules laid down in the Directive are being observed.
<i>(4) Opinion of the European Parliament</i>	Not yet given.
<i>(5) Current status</i>	The proposal is currently before the European Parliament and the Economic and Social Committee for their opinions.
<i>(6) Reference</i>	Commission proposal COM(90) 141 final
	Official Journal C 152, 21.6.1990

4. TRANSPORT SERVICES

Current problems and 1992 objectives

The right to provide transport services freely throughout the European Community is an essential element of the transport policy laid down in the EEC Treaty.

Yet, 30 years after the signature of the Treaty, transport within the Community is bedevilled by quotas, restrictions and limits on access to the market. These restrict competition in the Community, increasing costs for trade across internal borders and impeding the integration of the European economy.

A series of measures for adoption by 1992 will open up the various transport markets. They are summarized in the following pages:

- summaries 4.1 to 4.4: the road transport sector, non-resident carriers will be given the freedom to supply goods and passenger transport services within Member States while quotas for the international carriage of goods will be phased out;
- summary 4.5: the inland waterways sector, international transport of goods and passengers will be liberalized and conditions will be established for non-resident carriers to operate services within Member States;
- summary 4.6: the maritime transport sector, Member State shipping companies will be free from restrictions on the supply of services between ports within Member States and between Member States and third countries;
- summaries 4.7 to 4.13: the air transport sector, increased competition in services and fares will be introduced while the rights of governments to restrict capacity and access to markets will be limited. These are interim measures. Two new regulations, one concerning fares on scheduled air services and the other market access, entered into force on 1 November 1990;
- summary 4.14: the Commission has also presented a new proposal on the mutual acceptance of licences and qualifications of persons working in civil aviation.

In general, the Commission has followed a two-phased approach in each of these sectors. The first phase involves liberalizing transport services between Member States. In the second phase, the aim is to liberalize transport within Member States by opening up the national markets to non-resident carriers.

Measures aimed at harmonizing competitive conditions are being discussed in tandem with these measures to liberalize the market; this applies to the road haulage sector in particular, which has developed in a strictly national environment:

- freight capacity: decisions on axle weight/refrigerated lorries, etc.;
- qualifications: diplomas for boatmen, transport of dangerous goods;
- infrastructures.

Furthermore, the Commission has, after the third amendment of Directives 74/561/EEC and 74/562/EEC on the admission to the occupations of road transport haulier and road passenger transport operator in national and international transport operations, put together a consolidated version for operators and authorities in the Member States (Doc. SEC(90)1864 final).

One of the principal tasks of air transport policy in the European Community will be to reconcile the process of integrating the Community air transport industry with the ends. Competition policy and certain sectors of the common air transport policy will have to play an active and well coordinated role if the Community is not to be left with its industry compartmentalized and lacking in competitiveness on a world scale. Apart from goals related to route networks, other fundamental goals must be considered. These goals



concern consumer preferences in the field of fares, the passenger's requirements relating to quality of service, people living in the vicinity of airports, and workers.

Air passenger safety is also one of the Commission's major objectives. It has therefore put to the Council a proposal for a directive addressing aspects of air safety relating to airworthiness, operating approval and maintenance of aircraft, engines and other airborne equipment.

The lack of uniform technical standards for the certification, operation and maintenance of aircraft means that the free movement of aircraft throughout the Community has yet to be achieved. Quite apart from the extra technical work that this entails, aircraft transferred from the register of one country to another must often undergo costly modification.

The lack of uniform technical standards can also have repercussions on safety levels, which can vary from one Member State to another (see summary 4.15).

4. TRANSPORT SERVICES

4.1. Carriage of goods by road: carriage between Member States

<i>(1) Objective</i>	To create the right conditions for instituting fair competition and ensuring minimum disturbance to the market.
<i>(2) Community measure</i>	Council Regulation (EEC) No 1841/88 of 21 June 1988 amending Regulation (EEC) No 3164/76 on the Community quota for the carriage of goods by road by Member States.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Community quota will increase by 40% for 1988 and 1989 as the result of the Council decision.2. All quantitative restrictions (quotas) will be abolished by 1 January 1993. Access to the market will be governed exclusively by qualitative criteria. Details of qualitative criteria will be determined by 30 June 1991 at the latest.3. Bilateral quotas still applicable during the transitional period should be adapted according to the requirements of trade and traffic including transit.
<i>(4) Deadline for implementing Member State legislation</i>	1.7.1988
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 163, 30.6.1988
<i>(7) Follow-up work</i>	The supplementary increases of the quotas for 1990 to 1992 were adopted by the Transport Council of 25 April and 17 and 18 December 1990 (Regulation (EEC) No 1053/90 — Official Journal L 108, 28.4.1990). In addition, on 17 and 18 December 1990 the Council adopted a Regulation on the introduction of the final regime for the organization of the market for the carriage of goods by road. The central feature of this regulation is to establish a Community safeguard mechanism which is intended to enable action to be taken on the market in the event of a crisis. The safeguard clause is a back-up measure connected with the complete abolition of the quota system which currently governs access to the market.
<i>(8) Commission implementing measure</i>	



4. TRANSPORT SERVICES

4.2. Carriage of goods by road: non-resident carriers in the national market (inland trading)

(1) Objective To realize the freedom to provide services by setting out the conditions under which non-resident carriers will be allowed to carry out national road-haulage services. This regulation is a significant first step towards Community road trading, an essential element in building a Europe without frontiers.

(2) Community measure Council Regulation (EEC) No 4059/89 of 21 December 1989, laying down the conditions under which non-resident carriers may operate national road-haulage services within a Member State.

(3) Contents

1. Under the transitional arrangements, international hauliers established in one Member State may temporarily carry out commercial national road haulage operations in another Member State without first having to set up a registered office in that Member State.
2. This Regulation introduces from 1 July 1990 a quota of 15 000 specific trading authorizations; these authorizations are valid for two months and are allocated as follows:

— Belgium	1 302
— Denmark	1 263
— Germany	2 073
— Greece	573
— Spain	1 350
— France	1 767
— Ireland	585
— Italy	1 767
— Luxembourg	606
— Netherlands	1 842
— Portugal	765
— United Kingdom	1 107
3. The annual percentage of increase will be set according to the mean increase in road-haulage traffic in the Member States, but will not be less than 10%.
4. The Regulation also permits the introduction of safety clauses for certain regions, in order to prevent permits being used exclusively for trading in only one or a few Member States; with this in mind, it was decided that no more than 30% of permits could be used in any one Member State.

(4) Deadline for implementing Member State legislation 1.7.1990

(5) Date of entry into force (if different from 4) The transitional arrangements apply from 1 July 1990 until 31 December 1992.

(6) Reference Official Journal L 390, 30.12.1989

(7) Follow-up work

Before 1 July 1992 the Council will adopt, on a proposal from the Commission, permanent rules on trading to come into force on 1 January 1993.

*(8) Commission
implementing
measure*



4. TRANSPORT SERVICES

4.3. Carriage of passengers by road: international carriage

(1) <i>Objective</i>	To introduce the freedom to provide road passenger transport services on journeys within the Community. To review the rules governing this sector. To enforce road safety.										
(2) <i>Proposal</i>	Proposal for a Council Regulation on common rules for the international carriage of passengers by coach and bus.										
(3) <i>Contents</i>	<ol style="list-style-type: none"> 1. The Regulation applies to the international carriage of passengers by road, for any portion of the journey within the Community, using vehicles registered in a Member State. 2. Definitions of 'regular services', 'shuttle services', and 'occasional services'. 3. Permission for Community carriers to operate passenger transport services between any Member States without discrimination on the grounds of nationality (provided it is a Community nationality). 4. Control documents required from transport companies for occasional services. Abolition of the need to carry a list of passengers. 5. Shuttle services: scope, procedure for the application and issue of authorizations. 6. Regular services: scope, procedure for the application and issue of authorizations. 7. Control procedures and penalties, e.g. travel documents must be supplied to passengers, transport operators must allow inspections, authorization may be withdrawn for breaches of the Regulation. 8. Transitional and final provisions regarding the implementation of measures required by this Regulation. 										
(4) <i>Opinion of the European Parliament</i>	Parliament approved the Commission's proposal subject to certain recommendations for amendment, some of which have since been incorporated into the amended proposal. These include, in particular, shuttle services with accommodation which are no longer to be subject to authorization but must nevertheless carry a control document.										
(5) <i>Current status</i>	The proposal is now before the Council for adoption.										
(6) <i>Reference</i>	<table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Commission proposal COM(87) 79 final</td> <td>Official Journal C 120, 6.5.1987</td> </tr> <tr> <td style="padding-right: 20px;">Amended proposal COM(88) 595 final</td> <td>Official Journal C 301, 26.11.1988</td> </tr> <tr> <td style="padding-right: 20px;">Re-examined proposal COM(88) 770 final</td> <td>Official Journal C 31, 7.2.1989</td> </tr> <tr> <td style="padding-right: 20px;">European Parliament opinion</td> <td>Official Journal C 94, 11.4.1988</td> </tr> <tr> <td style="padding-right: 20px;">Economic and Social Committee opinion</td> <td>Official Journal C 356, 31.12.1987</td> </tr> </table>	Commission proposal COM(87) 79 final	Official Journal C 120, 6.5.1987	Amended proposal COM(88) 595 final	Official Journal C 301, 26.11.1988	Re-examined proposal COM(88) 770 final	Official Journal C 31, 7.2.1989	European Parliament opinion	Official Journal C 94, 11.4.1988	Economic and Social Committee opinion	Official Journal C 356, 31.12.1987
Commission proposal COM(87) 79 final	Official Journal C 120, 6.5.1987										
Amended proposal COM(88) 595 final	Official Journal C 301, 26.11.1988										
Re-examined proposal COM(88) 770 final	Official Journal C 31, 7.2.1989										
European Parliament opinion	Official Journal C 94, 11.4.1988										
Economic and Social Committee opinion	Official Journal C 356, 31.12.1987										

4. TRANSPORT SERVICES

4.4. Carriage of passengers by road: non-resident carriers in the national market

<i>(1) Objective</i>	To enable non-resident carriers to have the freedom to provide national passenger transport services within a Member State without discrimination on grounds of nationality or place of establishment.	
<i>(2) Proposal</i>	Proposal for a Council Regulation laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State.	
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Definition of 'regular services', 'shuttle services', and 'occasional services'.2. International carriers established in one Member State may temporarily operate national road passenger transport services in another Member State without first having to set up a registered office in that Member State, as from 1 January 1989.3. The benefit in (2) is reserved to carriers who fulfil certain strict nationality conditions which demonstrate that the carrier has a genuine link with the Community.4. Non-resident carriers are governed by the laws and regulations of the Member State in which the transport services are operated.	
<i>(4) Opinion of the European Parliament</i>	Parliament approved the Commission's proposal subject to certain amendments, some of which have since been incorporated into the amended proposal.	
<i>(5) Current status</i>	The proposal is currently before the Council for adoption.	
<i>(6) Reference</i>	Commission proposal COM(87) 31 final	Official Journal C 77, 24.3.1987
	Amended proposal COM(88) 596 final	Official Journal C 301, 26.11.1988
	European Parliament opinion	Official Journal C 94, 11.4.1988
	Economic and Social Committee opinion	Official Journal C 356, 31.12.1987



4. TRANSPORT SERVICES

4.5. Inland waterway transport of goods and passengers: non-resident carriers

<i>(1) Objective</i>	To lay down the conditions under which non-resident carriers may have freedom to operate inland waterway transport services within a Member State.	
<i>(2) Proposal</i>	Proposal for a Council Regulation laying down the conditions under which non-resident carriers may transport goods or passengers by inland waterway within a Member State.	
<i>(3) Contents</i>	<p>1. International carriers established in one Member State may temporarily carry out inland waterway transport in another Member State without first having to set up a registered office in that Member State, commencing 1 January 1988.</p> <p>2. The benefit in (1) is reserved to carriers who fulfil certain strict nationality restrictions which demonstrate that the carrier has a genuine link with the Community.</p> <p>3. Non-resident carriers are governed by the laws and regulations of the Member States in which those transport services are operated.</p>	
<i>(4) Opinion of the European Parliament</i>	The Parliament approved the proposal in principle, but stressed the difficulties in operating the proposed provisions.	
<i>(5) Current status</i>	The proposal is currently before the Council for examination and adoption.	
<i>(6) Reference</i>	Commission proposal COM(85) 610 final	Official Journal C 331, 20.12.1985
	European Parliament opinion Economic and Social Committee opinion	Official Journal C 255, 13.10.1986 Official Journal C 328, 22.12.1986

4. TRANSPORT SERVICES

4.6. Maritime transport: freedom to supply services and competition

(1) Objective

To ensure the freedom of Member State nationals to provide maritime transport services in trades to and from the Community and to safeguard fair competition.

(2) Community measure

Council Regulation (EEC) No 4055/86 of 22 December 1986 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries.

Council Regulation (EEC) No 4056/86 of 22 December 1986 laying down detailed rules for the application of Articles 85 and 86 of the Treaty to maritime transport.

Council Regulation (EEC) No 4057/86 of 22 December 1986 on unfair pricing practices in maritime transport.

Council Regulation (EEC) No 4058/86 of 22 December 1986 concerning coordinated action to safeguard free access in ocean trades.

(3) Contents

This measure has been partially adopted as four separate regulations. The original proposal on freedom to provide services also contained a section on the freedom to provide services in sea transport within Member States (for example, the right of a French ship to carry passengers or goods between two British ports). This part is still being considered ('Maritime trading').

Regulation (EEC) No 4055/86

1. The Regulation gives Member State nationals (and third-country shipping companies controlled by Member State nationals) the right to carry passengers or goods by sea between any port of a Member State and any port or off-shore installation of another Member State or of a third country.

2. Any current national restrictions which reserve the carriage of goods to vessels flying the national flag will be phased out by 1 January 1993, with intermediate stages at 31 December 1989 and 31 December 1991.

3. Adjustment or phasing out of existing cargo sharing arrangements in bilateral agreements with third countries.

4. Cargo sharing arrangements in future bilateral agreements with third countries will be limited to those Member States whose shipping companies would not otherwise have an opportunity to ply for trade to and from a particular third country.

5. Course of action where Member State shippers have no effective opportunity to ply for trade to and from a particular third country.

6. Possible extension of the benefits of the Regulation to third country nationals established in the Community.

Regulation (EEC) No 4056/86

1. The Regulation lays down the rules for applying EEC competition law to international maritime transport. The transport must be between one or more Community ports, and excludes tramp vessel services.

2. Technical agreements whose sole object is to achieve technical improvements or cooperation are exempted by the Regulation from prohibition under the competition laws.



3. Exemptions from prohibition for liner conference agreements subject to specified conditions. These are agreements which coordinate shipping timetables, determine the frequency of sailing, allocate sailings between members of the agreement, fix rates and conditions of carriage, regulate carrying capacity, or allocate cargo between members.
4. Monitoring of exempted agreements to ensure compliance.
5. Conflicts of international law as a result of application of the Regulation. The Commission may need to negotiate with third countries.
6. Rules of procedure for complaints and objections.
7. Liaison with the appropriate authorities of the Member States.
8. Investigating powers of the Commission.
9. Financial sanctions for breaches of the competition rules, for providing incorrect, misleading or incomplete information to the Commission, and for failing to end anti-competitive behaviour. The Court of Justice may review the Commission's decision to impose sanctions.

Regulation (EEC) No 4057/86

1. The Regulation enables the EEC to apply duties in order to protect Community shipowners from unfair pricing practices by third-country shipowners.
2. Examination of alleged injuries due to unfair pricing practices, e.g. reduction in the shipowner's market share, profits and employment.
3. The procedure for complaints, consultations, and subsequent investigations.
4. Provisions for the imposition of redressive duties on foreign shipowners. These follow an investigation which demonstrates that injury is caused by unfair pricing practice and that the interests of the Community make intervention necessary.
5. Price undertakings by third-country shipowners; refunds on collected duty for cases where the shipowner can show that the collected duty exceeds the difference between the freight rate charged and the normal freight rate.

Regulation (EEC) No 4058/86

1. The Regulation applies when action by a third country or by its agents restricts free access by shipping companies of Member States to the transport of liner cargoes, bulk or other cargoes, or tramp services, except where such action is taken in conformity with the UN Liner Code.
2. Definitions of home trader and cross-trader.
3. Coordinated action by the Community following a request by a Member State to the Commission. Such action might include diplomatic representation to the third countries concerned and countermeasures directed at the shipping companies concerned.
4. Similar coordinated action can be carried out at the request of another OECD country with which a reciprocal arrangement has been concluded.

(4) Deadline for implementing Member State legislation

None required.

(5) *Date of entry into force (if different from 4)* — 1.1.1987 Regulation (EEC) No 4055/86
— 1.7.1987 Regulation (EEC) No 4056/86
— 1.7.1987 Regulation (EEC) No 4057/86
— 1.7.1987 Regulation (EEC) No 4058/86

(6) *Reference* Official Journal L 378, 31.12.1986

(7) *Follow-up work* Regulation (EEC) No 4055/86: The Council shall review this Regulation by 1 January 1995.
However, during the Transport Council of 18 and 19 June 1990, the Commission presented an oral report on the application of the Council Regulations summarized above.
On 4 December 1990, the Council adopted a Commission proposal of August 1990 on the transitional measures applicable in the new *Länder* of the Federal Republic of Germany in the light of German reunification.

(8) *Commission implementing measure*



4. TRANSPORT SERVICES

4.7. Air transport: sharing of passenger capacity and market access

<i>(1) Objective</i>	To promote greater competition and efficiency in the air transport sector by improving access to routes and regulating arrangements for capacity sharing.
<i>(2) Community measure</i>	Council Decision 87/602/EEC of 14 December 1987 on the sharing of passenger capacity between air carriers on scheduled air services between Member States and on access for air carriers to scheduled air-service routes between Member States.
<i>(3) Contents</i>	<p>1. The Decision regulates:</p> <ul style="list-style-type: none"> — the sharing of passenger capacity between air carriers in different Member States; — access of Community carriers to routes between Member States on which they do not already operate. <p>2. Definitions of 'capacity', 'air carriers', 'flights', 'multiple designation', and 'airports'.</p> <p>3. Details of permitted proportions for sharing passenger capacity between any two carriers. In particular, authorized third and fourth freedom carriers are allowed to adjust their respective shares provided that the split remains within the range 55:45. The third freedom is the right to put down passengers, freight or mail at a stopover point on the outward journey from the Member State of registration. The fourth freedom is the right to pick up on a homeward journey.</p> <p>4. Member States shall follow multiple designation acceptance requirements on a country-pair basis by another Member State, but shall not be obliged to accept more than one air carrier on any one route. In other words, Member State A must accept flights by more than one Member State B airline, but can insist on their serving different destinations. City-pair multiple designations must be accepted progressively over the three years following this decision.</p> <p>5. Routes between hub and regional airports in different Member States will be treated as in (4) with certain exceptions, e.g. airports which, at the time of the Decision, handle fewer than 100 000 passengers per annum such as Seville and Odense.</p> <p>6. Combination of points for carriers operating scheduled air services to or from two or more points in another Member State(s).</p> <p>7. Limited fifth-freedom rights within the EEC for Community air carriers provided they meet certain conditions, e.g. the service operated as an extension from, or as a preliminary service to, the State of registration. The fifth freedom is the right to carry passengers, freight and mail between any two States other than the State of registration.</p>
<i>(4) Deadline for implementing Member State legislation</i>	31.12.1987
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1988

(6) *Reference*

(7) *Follow-up work* See summary 4.8

(8) *Commission
implementing
measure*

Official Journal L 374, 31.12.1987



4. TRANSPORT SERVICES

4.8. Air transport: sharing of passenger capacity and market access (second phase)

(1) Objective

This Regulation belongs to the second phase of the liberalization of air transport. It reinforces certain provisions of Council Decision 87/602/EEC of 14 December 1987 (see summary 4.7) on the sharing of passenger capacity between air carriers on scheduled air services between Member States and on access for air carriers to scheduled air service routes between Member States.

(2) Community measure

Council Regulation (EEC) No 2343/90, of 24 July 1990, on access for air carriers to scheduled intra-Community air-service routes and on the sharing of passenger capacity between air carriers on scheduled air services between Member States.

(3) Contents

1. The Regulation concerns:
 - access to the market for Community air carriers;
 - the sharing of passenger capacity between the air carrier(s) established in one Member State and the air carrier(s) established in another Member State on scheduled air services between these States.
2. Definitions of 'air carriers', 'third-freedom traffic rights', 'fourth-freedom traffic rights', etc.
3. The Member States shall grant, on a non-discriminatory basis, an operating licence as an air carrier to undertakings established on their territory when they comply with a set of requirements, including technical and economic standards.
4. Member States of destination shall authorize Community air carriers which have obtained this licence to operate third- and fourth-freedom air services. The third freedom is the right for an air carrier to put down passengers, freight or mail at a stopover point on the outward journey from the Member State of registration. The fourth freedom covers the same eventualities as the third, save that it applies to the homeward journey.
5. Member States of destination shall accept multiple designation on a country-pair basis, i.e. they shall accept the designation by a State of registration of two or more of the air carriers established in its territory and that of another Member State.
6. Member States of destination shall also accept multiple designation on a city-pair basis, i.e. the designation by a State of registration of two or more of the air carriers in its territory to operate a scheduled air service between an airport in its territory and an airport in the territory of another Member State.
7. The possibility for air carriers operating scheduled air services to or from two or more Member States to combine points.
8. Limited fifth-freedom rights within the EEC for Community air carriers which meet certain conditions, e.g. the service is operated as an extension from, or as a preliminary service to, its State of registration. The fifth freedom is the right to carry passengers, freight and mail between any two States other than the State of registration.
9. Community air carriers shall be permitted to exercise cabotage traffic rights between combined points within the same Member State,



on condition, for example, that it is operated between two airports, at least one of which is a regional airport.

10. From 1 October 1990, any recognized air carrier operating third- and fourth-freedom traffic rights shall be authorized to increase its capacity, provided that the resulting capacity shares are not outside the range of 67.5: 32.5%. From 1 April 1992 these capacity shares will be extended to 75: 25%. However, this Regulation shall not prevent Member States from concluding with each other, or maintaining in force, arrangements which are more flexible than those described above.

11. From 1 October 1990 the Regulation will repeal and replace Directive 83/416/EEC as last amended by Decision 87/602/EEC.

12. Annexes listing Community air carriers recognized as national carriers and category 1 airports.

<i>(4) Deadline for implementing Member State legislation</i>	Not required.
<i>(5) Date of entry into force (if different from 4)</i>	1.11.1990
<i>(6) Reference</i>	Official Journal L 217, 11.8.1990
<i>(7) Follow-up work</i>	The Council is to decide on the revision of this Regulation on the basis of a Commission proposal to be submitted by 30 May 1991.
<i>(8) Commission implementing measure</i>	



4. TRANSPORT SERVICES

4.9. Air transport: fares

<i>(1) Objective</i>	To establish more flexible arrangements for approving scheduled passenger air fares between the Member States and settling disputes rapidly. This will enable the Community to move towards a single market in air transport.
<i>(2) Community measure</i>	Council Directive 87/601/EEC of 14 December 1987 on fares for scheduled air services between Member States.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to the establishment of scheduled air fares charged on any route between airports in the Community. 2. Definitions of 'scheduled air fares', 'zone of price flexibility', 'reference fare', 'air carrier', 'States concerned', 'scheduled air service', and 'flight'. 3. Air fares will be approved by Member States provided they are reasonably related to the long-term allocated costs of the applicant. 4. Procedure for approval of air fares. Air carriers will submit their fares for approval in the form prescribed by the aeronautical authorities of the Member State. 5. Procedure for settling disputes for those occasions when one Member State wishes to approve air fares and the other does not.
<i>(4) Deadline for implementing Member State legislation</i>	31.12.1987
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1988
<i>(6) Reference</i>	Official Journal L 374, 31.12.1987
<i>(7) Follow-up work</i>	See summary 4.10.
<i>(8) Commission implementing measure</i>	

4. TRANSPORT SERVICES

4.10. Air transport: fares (second phase)

<i>(1) Objective</i>	This Regulation is part of the second phase of the liberalization of air transport. It reinforces the provisions of Directive 87/601/EEC (see summary 4.9) concerning the setting of air fares.
<i>(2) Community measure</i>	Council Regulation (EEC) No 2342/90, of 24 July 1990, on fares for scheduled air services.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Regulation applies to the establishment of scheduled air fares charged on any route operated by the Community or between the Community and any third country.2. Definitions of 'scheduled air fares', 'scheduled air service', 'flight', etc.3. Air fares will be approved by Member States provided they are reasonably related to the long-term fully allocated costs of the applicant carrier. These air fares may be lower than those offered by another carrier. However, the Member States shall examine in detail any fare which is 20% higher or lower than the corresponding fare in the previous corresponding season.4. Only Community air carriers shall be authorized to introduce air fares lower than existing fares on routes between Community airports.5. Procedure for approval of air fares. Air carriers will submit their fares for approval in the form prescribed by the civil aviation authorities of the Member State. In the case of routes between Community airports, fares shall be deemed accepted unless both civil aviation authorities object. Upon approval these fares shall apply until they expire or are replaced; they may also be extended for a maximum of 12 months.6. Settlement of disputes. The Member State concerned or a carrier on the route in question may appeal to the Commission, which will immediately notify the other Member State.7. Once adopted the Regulation will repeal and replace Directive 87/601/EEC with effect from 1 January 1991.8. Annex containing the list of Community air carriers recognized as national air carriers by the Member States at the time of this Regulation's adoption.
<i>(4) Deadline for implementing Member State legislation</i>	1.11.1990
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 217, 11.8.1990



(7) Follow-up work

With a view to achieving the objective of a double disapproval system for fares by 1 January 1993, the Council is to decide on the revisions of this Regulation by 30 June 1992 at the latest, on the basis of a Commission proposal to be submitted by 31 May 1991.

*(8) Commission
implementing
measure*

4. TRANSPORT SERVICES

4.11. Air transport: application of competition rules

<i>(1) Objective</i>	To introduce greater competition into the air transport industry. This will be introduced gradually in order to avoid disruption. This balance will most benefit the consumer.
<i>(2) Community measure</i>	Council Regulation (EEC) No 3976/87 of 14 December 1987 on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Regulation applies to international air transport between Community airports.2. The Commission is empowered to adopt regulations which grant exemptions from prohibition under competition law. This applies to agreements and practices concerning capacity sharing, revenue pooling, consultation over tariffs, slot allocation, computer reservation systems, ground and passenger handling, in-flight catering.3. Any regulation adopted under (2) will expire on 31 January 1991.4. The Commission may withdraw the benefit of exemptions under (2) in individual cases.
<i>(4) Deadline for implementing Member State legislation</i>	None required.
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1988
<i>(6) Reference</i>	Official Journal L 374, 31.12.1987
<i>(7) Follow-up work</i>	On 24 July 1990, the Council adopted a Regulation amending Regulation (EEC) No 3976/87 on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector (Official Journal L 217, 11.8.1990). The measure specifies that all the regulations adopted under (2) will no longer expire on 31 January 1991, but on 31 December 1992.
<i>(8) Commission implementing measure</i>	The Commission has put forward proposals for new exemption regulations (Official Journal C 211, 24.8.1990).



4. TRANSPORT SERVICES

4.12. Air transport: procedure for application of competition rules

<i>(1) Objective</i>	To provide appropriate procedures, powers and penalties to ensure compliance in the air transport sector with the competition rules laid down in the EEC Treaty.
<i>(2) Community measure</i>	Council Regulation (EEC) No 3975/87 of 14 December 1987 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Regulation applies to international travel between Community airports. 2. The Regulation exempts from prohibition under competition law practices solely intended to produce technical improvements or cooperation. 3. Commission procedures for processing suspected infringements of competition law. 4. Applications for exemption from prohibition under the competition law. 5. Duration, renewal and revocation of exemptions. 6. Procedures for liaison with the authorities of Member States. 7. Procedures for requests for information by the Commission. 8. Respective investigatory and decision-making powers of the Commission and the Member States. 9. Sanctions, e.g. when a company responds to a Commission request with misleading information. 10. Information acquired for the purpose of investigation will be treated in confidence. 11. Publication of Commission decisions concerning complaints and requests for exemption from prohibition.
<i>(4) Deadline for implementing Member State legislation</i>	None required.
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1988
<i>(6) Reference</i>	Official Journal L 374, 31.12.1987
<i>(7) Follow-up work</i>	<p>Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector (COM(90) 167 final — Official Journal C 155, 26.6.1990).</p> <p>The proposal enables the Commission to take, by decision, interim measures prohibiting practices which threaten the viability of an air service or the existence of an air carrier.</p>

*(8) Commission
implementing
measure*

Commission Regulation (EEC) No 4261/88 (Official Journal L 376, 31.12.1988).

Commission Regulation of 16 December 1988 on the complaints, applications and hearings provided for in Council Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector.



4. TRANSPORT SERVICES

4.13. Inter-regional air services: review

<i>(1) Objective</i>	To extend the network of air services within the Community by giving air carriers greater scope to develop services between regions in different Member States. This will encourage further development of scheduled international services between a regional airport (category 2) and either a second regional airport or a major airport (category 1).								
<i>(2) Proposal</i>	Proposal for a Council Directive amending for the second time Council Directive 83/416/EEC concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States.								
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. Amendment of the original 1983 Directive to include long-haul services and to introduce easier access to the market. 2. Procedural changes in applications for authorization and approval of air services, e.g. applications for inter-regional air services shall be forwarded from the home State to the State(s) affected which then have three months in which to take a decision; conditions for authorizations and refusals. 3. Right of Member States to apply national rules on the environment, social conditions and on the location, operation or safety of airports provided that there is no discrimination against inter-regional air services. 4. New compliance and reporting requirements for Member States, e.g. Member States are required to report any accident involving aircraft operating services authorized under this Directive. 								
<i>(4) Opinion of the European Parliament</i>	Parliament has approved the proposition.								
<i>(5) Current status</i>	The proposal is currently before the Council for examination and adoption.								
<i>(6) Reference</i>	<table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Commission proposal COM(86) 424 final</td> <td>Official Journal C 240, 24.9.1986</td> </tr> <tr> <td style="padding-right: 20px;">Amended proposal COM(88) 126 final</td> <td>Official Journal C 78, 25.3.1989</td> </tr> <tr> <td style="padding-right: 20px;">European Parliament opinion</td> <td>Official Journal C 13, 18.1.1988</td> </tr> <tr> <td style="padding-right: 20px;">Economic and Social Committee opinion</td> <td>Official Journal C 105, 21.4.1987</td> </tr> </table>	Commission proposal COM(86) 424 final	Official Journal C 240, 24.9.1986	Amended proposal COM(88) 126 final	Official Journal C 78, 25.3.1989	European Parliament opinion	Official Journal C 13, 18.1.1988	Economic and Social Committee opinion	Official Journal C 105, 21.4.1987
Commission proposal COM(86) 424 final	Official Journal C 240, 24.9.1986								
Amended proposal COM(88) 126 final	Official Journal C 78, 25.3.1989								
European Parliament opinion	Official Journal C 13, 18.1.1988								
Economic and Social Committee opinion	Official Journal C 105, 21.4.1987								

4. TRANSPORT SERVICES

4.14. Civil aviation licences

<i>(1) Objective</i>	To establish a Community procedure for the mutual acceptance of licences and qualifications of persons working in civil aviation in order to ensure that air transport services operate efficiently and safely and to guarantee free movement of these workers throughout the Community.	
<i>(2) Proposal</i>	Proposal for a Council Directive on the mutual acceptance of licences or persons working in civil aviation.	
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Directive applies to procedures for issuing licences in the field of civil aviation and to the requirements imposed on flying crew, aircraft maintenance staff, air traffic controllers and staff responsible for flight operations and airport management.2. Definitions of terms: 'licence', etc.3. The conditions under which Member States have to accept licences issued by other Member States. In the case of private pilot licences to fly aircraft registered in any Member State without the need to obtain licence validation from the State of registry.4. Description of the procedure to be followed by a Member State when a licence cannot be accepted because it is not equivalent.5. Apart from the licences, Member States are to accept equivalent experience and qualifications obtained in other Member States in order to facilitate mobility and to improve the employment prospects of persons working in civil aviation.6. The proposal provides that nationals of all Member States are to be admitted to public and private training establishments in each Member State on the same basis as its own nationals.7. It is left up to the Member States whether they accept licences issued by Member States on the basis of licences issued by third countries.8. Adoption of harmonized requirements for licences and training programmes.	
<i>(4) Opinion of the European Parliament</i>	Parliament approved the proposal of the Commission including some amendments. The Commission accepted some of these amendments.	
<i>(5) Current status</i>	A modified proposal including the amendments of Parliament held back by the Commission is awaited.	
<i>(6) Reference</i>	Commission proposal COM(89) 472 final	Official Journal C 10, 16.1.1990
	European Parliament opinion Economic and Social Committee opinion	Official Journal C 284, 12.11.1990 Official Journal C 124, 21.5.1990



4. TRANSPORT SERVICES

4.15. Harmonization of civil aviation licences

- (1) *Objective* To strengthen the work of the Joint Aviation authorities (JAA) by incorporating it into Community law, making membership compulsory and obliging Member States to adopt common codes governing technical standards in aviation and observe the administrative requirements and procedures adopted by the JAA.
- (2) *Proposal* Proposal for a Council Directive on the harmonization of technical requirements and procedures applicable to civil aircraft.
- (3) *Contents*
1. This Directive shall apply to the harmonization of technical, operational and administrative requirements and procedures in the field of civil aviation safety.
 2. Definition of the concepts of 'certification', 'product', 'maintenance', 'national variant' and 'JAR'.
 3. The Member States shall adopt JAR codes as their sole national codes. Where a specific JAR code has not been adopted by 1 January 1993, Member States may use the relevant part of their existing national codes.
 4. The Member States shall accept products that have not been certified in compliance with the common requirements and procedures, subject to a technical assessment by the JAA.
 5. Member States shall accept the certification granted by another Member State in accordance with the common requirements and procedures.
 6. Where a Member State ascertains that a product designed, manufactured and maintained in accordance with this Directive is likely to jeopardize aviation safety, it shall take all the appropriate measures.
 7. Where shortcomings are found in the common requirements and procedures, the Commission shall ask the JAA to develop a new code or amendments to an existing code.
 8. The Member States shall take the necessary steps to coordinate, through the JAA, their programmes of research for improvement in safety of civil aircraft and their operation and to inform the Commission thereof. The Commission may take a useful initiative to promote such coordination of policies and research programmes carried out at national level.
 9. Member States shall notify the Commission of new or amended requirements and procedures when they are completed or agreed in accordance with the arrangement's procedures and any modification to the arrangements. They shall also inform the Commission of the results of consultations with industry and other interested parties.
 10. If a new code, or amendment to an existing code, developed by the JAA contains a national variant for a Member State, the Commission shall decide either to make the variant applicable to all Member States or not to include it in the common requirements and procedures.
 11. The Commission shall be assisted by an advisory committee composed of representatives of the Member States and chaired by the Commission representative.
- (4) *Opinion of the European Parliament* Not yet delivered.

(5) Current status

The proposal has been submitted for an opinion to the European Parliament and the Economic and Social Committee.

(6) Reference

Commission proposal
COM(90) 442 final

Official Journal C 270, 26.10.1990



5. NEW TECHNOLOGIES AND SERVICES

Current problems and 1992 objectives

Rapidly changing innovative information technologies have given rise to a range of new information services. These play an increasingly significant role in the economy, and have potential for considerable cross-border development.

The market will benefit users of these services by increasing choice and competition. It will benefit the suppliers by providing economies of scale in research, development and type approval and by increasing European competitiveness in world markets.

To achieve this, the Community has to dismantle the obstacles which constrain the cross-border supply of these new information services. It also has to solve problems caused by the differing technical standards for the equipment used. The information services markets will be opened up by initiatives taken in a number of areas.

The Commission has been active in liberalizing the provision of services, standardization and in the networks.

In view of the importance of telecommunications for implementing the 1992 objective, in 1987 the Commission published a Green Paper on the development of the common market in services and telecommunications equipment and put forward a timetable for opening up the market.

1. Liberalizing telecommunications services

To meet the objective for competition in telecommunications services, on the basis of Article 90 of the Treaty, the Commission adopted a Directive on competition in the telecommunications services sector (summary 5.13).

This Directive and the Directive on ONP (open network provision — see 'networks' section below) were notified to the Member States by the Council and the Commission simultaneously in July 1990 to guarantee parallelism between liberalization and harmonization. The Community has also taken action on:

- the establishment of rules to ensure the freedom of television broadcasting: The aim of the Directive is to remove the obstacles presented by Member States' legislation as regards advertising, protecting the young and the right of reply (summary 5.1)
- the opening-up of the market for information services: As a result of this, the Council has placed a working programme intended to create conditions for the development of information services intended for professionals in the fields of research, trade and industry (summary 5.2).

2. Standardization

On 27 April 1989 the Council adopted a resolution concerning standardization aimed at organizing cooperation between national bodies, operators of public networks, industrial firms, research institutes and other users within the European Telecommunications Standards Institute (ETSI).

The Community has also taken action on:

- harmonization of information technology and telecommunications standards. The purpose of this is to promote closer cooperation in establishing EEC technical standards in the IT and telecommunications sectors (summary 5.6);
- harmonization of television standards. This Directive is intended to define common technical characteristics for the direct satellite broadcasting of television programmes

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- and their rediffusion by cable. The measure introduces common standards for the manufacture of television sets, thus making it possible to receive programmes throughout the Community (summary 5.3);
- type approval and mutual recognition of pattern approval for telecommunications terminals. The purpose here is to improve the Community's ability to manufacture telecommunications equipment by mutual recognition of the relevant type approvals by the Member States. Another aim is to implement the single market in telecommunications terminal equipment by applying harmonized procedures for the certification, testing, marking, quality assurance and inspection of the products so as to guarantee that they satisfy the basic requirements set out in Directive 86/361/EEC (summaries 5.7 and 5.8);
 - the development of land-based pan-European cellular communications by 1991 by ensuring the free movement of mobile telephones throughout the territory of the EEC and the compatibility of networks and EEC manufacturing standards for these devices (summary 5.10);
 - the coordinated introduction of cordless digital telecommunications in the Community in order to avoid a proliferation of national solutions which would result in market fragmentation, an increase in production costs and system incompatibility. To make available a frequency band, a precondition for coordinated introduction, supplementing earlier initiatives on mobile communications (summary 5.12).

3. Networks

On 27 April 1989 the Council adopted a resolution aimed at stepping up efforts to introduce the Integrated Services Digital Network (ISDN) in Europe which would allow access to a wide variety of services such as voice, text, data and image transmission.

The Community has also taken action on:

- establishing harmonized conditions for open network provision, a fundamental objective for the achievement of a common market in value-added services (summary 5.9);
- introducing guidelines for the operation of electronic payments systems. This Commission recommendation is aimed at standardization in the development of electronic payment card systems, which will make it possible to interconnect the different systems and thereby give all electronic card users equivalent access to all the distribution networks. These measures will also help to promote the free movement of goods and capital (summary 5.4);
- reforming coordination procedures in Europe to ensure that the Community's reserved frequencies do not hinder future developments (summary 5.11);
- widening the scope for the electronic interchange of commercial or administrative forms direct between different organizations' computers, thus saving considerable amounts of time and the administrative spending involved (Tedis Programme: trade electronic data interchange systems — see summary 5.16).

4. Satellite communications

On 20 November 1990 the Commission adopted a Green Paper on a joint approach to satellite communications within the European Community (COM(90) 490 final).

This document is intended to widen the application of the general principles of Community telecommunications policy to include satellite communications. Four major changes are proposed:



- complete liberalization of ground-based operations, including both receiving and transmitting and receiving stations, subject to appropriate approval and authorization procedures where so justified by the regulatory safeguard machinery;
- free (unrestricted) access under Community telecommunications policy to the capacity of the space sector, subject to the application of appropriate authorization procedures which are intended to safeguard the exclusive or special rights and the steps taken by the Member States both under Community law and on a consensus basis. Access will have to be on equitable terms that do not discriminate and do take account of costs;
- complete commercial freedom for all space-sector suppliers and in particular direct marketing of satellite capacity among suppliers and users of services, provided that the authorization procedures mentioned above and Community law are adhered to. In the latter case this proviso applies above all to the competition rules;
- harmonization to the extent needed to make it easier to provide services on a European scale. This involves in particular the mutual recognition of authorization and approval procedures, coordination of frequencies and suppliers of services from non-member countries.

The combined effect of these changes will pave the way for a very wide range of specialized services.

5. Protection of personal data

Action by the Community is needed in order to complete the internal market and allow information technology and new telecommunications services to flourish, while guaranteeing the protection of private data (see also the introduction concerning checks on individuals).

A set of measures in this connection has been submitted to the Council:

- a proposal for a general Directive aimed at establishing an equivalent, high level of protection in the Member States in order to remove obstacles to the exchange of data (see in the chapter 'Control of individuals');
- a Commission declaration on the application to the institutions and other bodies of the Community of the provisions of the general Directive (*idem*);
- a recommendation for a Council Decision on the accession of the European Community to the Council of Europe Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data (*idem*);
- a proposal for a Directive concerning the protection of data in the context of public digital telecommunications networks, in particular the ISDN and public digital mobile networks (see summary 5.14);
- a proposal for a Council Decision on the adoption of a two-year action plan on information security, i.e. protection of data against every kind of threat (both accidental and deliberate) in the context of the deployment of open telecommunications networks, concerning in particular standards and approval and testing procedures (see summary 5.15).

5. NEW TECHNOLOGIES AND SERVICES

5.1. Information services: televisual broadcasting services

(1) Objective To ensure that all residents in the EC have access to all EC broadcasts which have become possible with satellite and cable technology. To remove the obstacles to this which result from Member State rules on advertising, protection of children and right of reply. To promote the distribution and production of European televisual programmes.

(2) Community measure Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of televisual activities.

(3) Contents

1. Member States shall not restrict the reception on their territories of broadcasts from other Member States (except if the broadcast does not respect the provisions of the Directive concerning the protection of children).
2. Harmonization in the area of advertising concerns the duration (15% of daily broadcasting time, 20% per hour), the form of interruption, ethical considerations (particularly for children) and advertisements for alcohol. Advertising tobacco and certain medicines is forbidden. As regards radio broadcasts which show a level of competence and which broadcast only in their national territory, the Member States may apply other rules concerning duration and advertising.
3. Sponsorship of television programmes is possible provided that certain rules are respected.
4. Television programmes must not harm children.
5. A right of reply must be granted where the legitimate rights of the individual have been damaged.
6. As far as the promotion of a European audiovisual creation is concerned, the Directive stipulates that the Member States should ensure, wherever possible, that radio broadcasts reserve a majority of their broadcasting time to European works (except for news, sport, game shows, advertising and teletext). European work is defined precisely. The Commission is responsible for ensuring that this provision is respected. Ten per cent of broadcasting time must be reserved, wherever possible, to independent productions. The time-span between a film being shown at the cinema and its broadcast on television shall be two years, and one year for films co-produced with radio. Under certain conditions linguistic quotas may be authorized but only for radio broadcasters who come under the competence of the State which regulates them.

(4) Deadline for implementing Member State legislation 3.10.1991

(5) Date of entry into force (if different from 4)



(6) Reference

(7) Follow-up work

*(8) Commission
implementing
measure*

Official Journal L 298, 17.10.1989

5. NEW TECHNOLOGIES AND SERVICES

5.2. Information services: information services market

<i>(1) Objective</i>	To create better market conditions for the accelerated development of information services aimed at professionals in research, trade and industry. The main goals are to stimulate and reinforce the competitive capabilities of European information suppliers, taking into account the specific needs of small and medium-sized enterprises, to promote the use of advanced information services in the Community and to set up an internal information services market by 1992.
<i>(2) Community measure</i>	Council Decision 88/524/EEC of 26 July 1988 concerning the establishment of a plan of action for setting up an information services market. This plan of action has been named Impact (Information market and policy actions).
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Launch of large-scale pilot and demonstration projects which will exert a catalytic effect on the development of the information services industry.2. Measures to improve market conditions for electronic information services such as:<ul style="list-style-type: none">— setting up a European Information Market Observatory;— the elimination of technical, administrative and legal barriers to setting up an internal market in information services;— standardization and simplification for the improvement of conditions for transmitting and accessing information services;— initiative to improve the synergy between the public and private sectors;— the reinforcement of user-support initiatives;— the preparation of a specific action in favour of libraries.3. Provision of ECU 15 million for 1989 and ECU 21 million for 1990.4. Obligation on the part of the Commission to submit in the second half of 1989 an evaluation report on the results obtained through the implementation of the measures as a result of which it may present guidelines for future action beyond 1990.
<i>(4) Deadline for implementing Member State legislation</i>	None required.
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 288, 21.10.1988
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	



5. NEW TECHNOLOGIES AND SERVICES

5.3. Information services: standardization of television

- | | |
|---|---|
| <i>(1) Objective</i> | To produce common technical specifications for direct satellite broadcasting of television programmes and their redistribution by cable. This will establish common standards for the production of television sets and allow programmes to be received throughout the Community. |
| <i>(2) Community measure</i> | Council Directive 86/529/EEC of 3 November 1986 on the adoption of common technical specifications for the MAC/packet family of standards for direct satellite television broadcasting. |
| <i>(3) Contents</i> | <ol style="list-style-type: none"> 1. Obligation on Member States to take the necessary measures to ensure coordination and the use only of the MAC/packet family of standards for direct operational satellite television broadcasting. 2. Definition of direct broadcasting by satellite as that using channels assigned to Member States in the 11.7-12.5 GHz band and intended for display on 625-line domestic television receivers. |
| <i>(4) Deadline for implementing Member State legislation</i> | 31.12.1991 |
| <i>(5) Date of entry into force (if different from 4)</i> | |
| <i>(6) Reference</i> | Official Journal L 311, 6.11.1986 |
| <i>(7) Follow-up work</i> | The Commission may put forward proposals for a replacement Directive before 31 December 1991. |
| <i>(8) Commission implementing measure</i> | |

5. NEW TECHNOLOGIES AND SERVICES

5.4. Payment systems: electronic payments

(1) Objective

To aim for standardization in the development of payment card systems. This will allow for interoperability between the different networks and thus ensure equal access for all cardholders to all distribution networks. This should contribute to the rapid modernization of banking services, distribution and telecommunication services throughout the Community. It will also aid the free movement of goods and capital.

(2) Community measure

Commission Recommendation 87/598/EEC of 8 December 1987 on a European code of conduct relating to electronic payments.

(3) Contents

1. Recommendation that all interested parties concerned should comply with the provisions of the European code of conduct relating to electronic payments. This has been drafted by the European Commission and will promote:

- security and convenience for consumers;
- greater security and efficiency for traders.

2. Definitions of 'electronic payment', 'issuer', 'trader', 'consumer' and 'interoperability' for the purposes of the code.

3. General principles relating to the contract between issuers and traders or consumers, e.g. it shall set out in detail the general and specific conditions of the agreement; the contract shall be drawn up in the official language(s) of the Member State in which it is concluded.

4. Obligation for interoperability to be full and complete before 31 December 1992. This will enable traders and consumers to join the networks or contract with the issuers of their choice, and ensure that every electronic payment terminal is able to process all cards.

5. Right of privacy of information given by consumer. Right of fair access to the system by service establishments, irrespective of their size.

6. Obligations concerning relations between issuers and traders; issuers and consumers; traders and consumers. These include a prohibition on any exclusive trading clause which requires the trader to operate only one system, and an obligation on cardholders to take all reasonable precaution to ensure the safety of the payment card.

(4) Deadline for implementing Member State legislation

None required.

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 365, 24.12.1987

(7) Follow-up work

(8) Commission implementing measure



5. NEW TECHNOLOGIES AND SERVICES

5.5. Payment systems: relationship between cardholders and card issuers

<i>(1) Objective</i>	To give greater protection to consumers through the adoption of regulations applicable to all types of financial services, in particular those relating to payment methods and the purchasing of goods and services.
<i>(2) Community measure</i>	Commission Recommendation 88/590/EEC of 17 November 1988 concerning payment systems, and in particular the relationship between cardholder and card issuer.
<i>(3) Contents</i>	<p>1. The recommendation stipulates that consumers must receive adequate information concerning the terms of contract, particularly with regard to the fees and other costs, if any, payable by consumers, and also concerning their rights and contractual obligations.</p> <p>2. It stipulates that consumers would be better protected if contracts were made in writing and contained minimum particulars concerning the contractual terms, in particular an indication of the period of time within which operations will normally be credited, debited or invoiced.</p> <p>3. No payment device, whether in the form of a plastic card or otherwise, must be dispatched to a consumer except in response to an application from such person. The contract concluded between the consumer and the issuer of the payment device must not take effect until the consumer has received the payment device and has been informed of the applicable terms of contract.</p> <p>4. Operations authorized by issuing bodies must be recorded in order that operations can be traced and errors rectified. Payment instructions communicated electronically by a contracting holder should be irrevocable, so that a payment thereby shall not be reversed.</p> <p>5. The contracting holder must receive a written statement of the operations effected by means of a payment device.</p> <p>6. The recommendation provides for the fixing of common rules concerning the issuer's liability:</p> <ul style="list-style-type: none"> — for non-execution or erroneous execution of a contracting holder's payment instructions and allied operations; — for operations which have not been authorized by the contracting holder, subject to the contracting holder's own obligations in the event of lost, stolen or copied payment devices. <p>Common terms of contract have also been drawn up concerning the consequences to the contracting holder in the event of lost, stolen or copied payment devices.</p> <p>7. For the purpose of ensuring that electronic payment networks can function and payment devices be used internationally, it is necessary that data relating to a contracting cardholder can be transmitted across frontiers, subject to certain conditions.</p> <p>8. Annex describing the various operations used to effect payment. Definition of the terms 'payment device', 'issuer', 'system provider', 'contracting holder' and 'company-specific card'.</p>
<i>(4) Deadline for implementing Member State legislation</i>	None required.

(5) Date of entry into force (if different from 4)

(6) Reference

(7) Follow-up work

(8) Commission implementing measure

Official Journal L 317, 24.11.1988



5. NEW TECHNOLOGIES AND SERVICES

5.6. Standardization: information and telecommunications

<i>(1) Objective</i>	To promote closer cooperation in establishing EEC technical standards in the information technology and telecommunications sectors.
<i>(2) Community measure</i>	Council Decision 87/95/EEC of 22 December 1986 on standardization in the field of information technology and telecommunications.
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. Prioritization of the areas which need standardizing. Furthermore, rapid publication of standards must be ensured so that undue delays do not result in early obsolescence of texts. 2. Establishment of European standards, European pre-standards and telecommunications functional specifications. These will be based on international standards where they exist. 3. Coordination of Member States' activities in : <ul style="list-style-type: none"> — the verification of conformity of products and services to standards and functional specifications ; — the certification of conformity. 4. Member States shall ensure reference to European standards, European pre-standards, international standards and functional specifications as appropriate for public procurement orders. 5. Special circumstances which may justify the use of standards and specifications different to those specified in this Decision, e.g. those requiring compatibility with existing systems, genuinely innovative projects, certain contracts worth less than ECU 100 000 (provided that this does not prevent the use of the correct standards in contracts worth more than ECU 100 000).
<i>(4) Deadline for implementing Member State legislation</i>	7.2.1988
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 36, 7.2.1987
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

5. NEW TECHNOLOGIES AND SERVICES

5.7. Telecommunications terminal equipment: type approval

<i>(1) Objective</i>	To promote Community capability to produce telecommunications equipment through the mutual recognition by Member States of type approvals.
<i>(2) Community measure</i>	Council Directive 86/361/EEC of 24 July 1986 on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Obligation on Member States to implement the mutual recognition of the results of tests for conformity with common specifications in mass-produced telecommunications terminal equipment.2. Definitions of terms relating to terminal equipment, telecommunications, standards, technical specification, conformity, etc.3. Obligation on the Commission to draw up annually a list of international standards and specifications to be harmonized, terminal equipment for which common conformity specifications should be drafted as a matter of priority, and establish a timetable for this work.4. The composition and tasks of the Working Party of Senior Officials on Telecommunications. This will assist the Commission with the implementation of the Directive.5. Requirement on the Member States to accept certificates of conformity for a particular type of terminal equipment and not to carry out further tests. The Member States must inform the Commission of the authorities competent to issue type approvals for terminal equipment in their territory.6. Power of Member States to suspend recognition of a certificate of conformity. This is permitted if the Member State discovers that the equipment does not meet the common conformity specification, or if it discovers that the common conformity specification fails to meet the essential requirements that it is supposed to cover.
<i>(4) Deadline for implementing Member State legislation</i>	24.7.1987
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 217, 5.8.1986
<i>(7) Follow-up work</i>	See summary 5.8
<i>(8) Commission implementing measure</i>	



5. NEW TECHNOLOGIES AND SERVICES

5.8. Telecommunications terminal equipment: mutual recognition of conformity (second phase)

- (1) *Objective* To implement the single market in telecommunications terminal equipment by means of harmonized procedures for the certification, testing, marking, quality assurance and inspection of products in order to ensure compliance with the essential requirements already laid down in Directive 86/361/EEC. The aim is also to guarantee the right to connect lawfully marketed terminal equipment to the public telecommunications networks.
- (2) *Proposal* Proposal for a Council Directive on the approximation of the laws of the Member States relating to telecommunications terminal equipment, including mutual recognition of conformity.
- (3) *Contents*
1. The Directive applies to terminal equipment, i.e. equipment intended to:
 - be connected to a public telecommunications network terminal by means of an electrical system;
 - and/or
 - interoperate with a public telecommunications network;
 - and/or
 - interoperate via such a network.
 The intended purpose of the equipment must be declared by the manufacturer or supplier.
 2. Member States shall not hinder the marketing and free movement or the use on their territory of terminal equipment meeting the essential requirements laid down in the Directive. Furthermore, they undertake to take all necessary steps to prevent the marketing and use of equipment that does not meet the conditions laid down.
 3. Terminal equipment may be subjected to:
 - EC type examination: a notified body declares that the equipment meets the essential requirements; or to
 - an EC declaration of conformity, with full quality assurance established by the manufacturer.
 4. The EC mark of conformity shall be affixed to terminal equipment, followed by the last two digits of the year during which it was affixed.
 5. A standing committee for terminal equipment called the Approvals Committee for Telecommunications Equipment (ACTE) shall be set up.
 6. Once adopted, the Directive shall annul and replace Directive 86/361/EEC with effect from 1 January 1990.
 7. The Commission will periodically consult the representatives of the telecommunications organizations, the consumers, the manufacturers, the service providers and the trade unions and will inform the Committee on the outcome of such consultations, with a view to taking due account of this outcome.
 8. Annexes containing the EC type examination; the EC declaration of conformity to type; the EC declaration of conformity to type (production quality assurance); the EC declaration of conformity (full quality assurance); the minimum criteria for the designation of notified bodies; a copy of the EC mark of conformity.

(4) Opinion of the European Parliament

First reading: Parliament approved the proposal with a number of amendments, mostly technical (definitions, reformulation of essential requirements, presentation of a report every two years on the work of the Commission and the Approvals Committee, etc.). The Commission accepted some of the amendments.

Second reading: Parliament approved the Council's common position including certain amendments. The Commission accepted some of these amendments.

(5) Current status

A re-examined proposal including Parliament's amendments withheld by the Commission, is awaited.

(6) Reference

Commission proposal COM(89) 289 final	Official Journal C 211, 17.8.1989
Amended proposal COM(90) 263 final	Official Journal C 187, 27.7.1990
Opinion of the European Parliament	Official Journal C 113, 7.5.1990
First reading	
Second reading	Not yet published
Opinion of the Economic and Social Committee	Official Journal C 329, 30.12.1989



5. NEW TECHNOLOGIES AND SERVICES

5.9. Implementation of open network provision (ONP)

<i>(1) Objective</i>	To establish harmonized conditions for the provision of an open telecommunications network, the basic objective for the completion of a single market in value-added services.
<i>(2) Community measure</i>	Council Directive 90/387/EEC of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of open network provision (ONP).
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive provides for the harmonization of conditions for open access to, and open and efficient use of, the public telecommunications network infrastructure, and, if applicable, public telecommunications services within and between the Member States. 2. Definitions of the terms 'telecommunications organizations', 'exclusive' or 'special rights', 'public telecommunications network', etc. 3. Open network provision conditions must respect the following principles: <ul style="list-style-type: none"> — objectivity; — transparency; — non-discrimination. 4. Open network provision conditions may not restrict access to public telecommunications networks or public telecommunications services save on the grounds of essential requirements, namely: <ul style="list-style-type: none"> — security of network operations; — maintenance of network integrity; and, where justified, <ul style="list-style-type: none"> — interoperability of services; — data protection. 5. Open network provision conditions (several stages). 6. Provision for a gradual process of mutual recognition of declaration and/or licensing procedures ('authorizations') within the Community. 7. Annexes containing a list of telecommunications organizations the fields for which open network provision conditions may be drawn up; the reference framework for the drafting of open network provision conditions.
<i>(4) Deadline for implementing Member State legislation</i>	1.1.1991
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 192, 24.7.1990

(7) Follow-up work

In 1992 the Council will carry out a general review of all the conditions for access to telecommunications services not harmonized by that time, the effects of these conditions on the working of the internal market for telecommunications services and the advisability of opening up this market.

*(8) Commission
implementing
measure*



5. NEW TECHNOLOGIES AND SERVICES

5.10. Pan-European mobile telephones

- (1) *Objective* To promote the development of pan-European land-based cellular communications by 1991 by ensuring the free movement of mobile telephones throughout the EEC, the compatibility of networks and EEC standards for manufacture.
- (2) *Community measure* Council Directive 87/372/EEC of 25 June 1987 on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.
Council Recommendation 87/371/EEC of 25 June 1987 on the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.
- (3) *Contents* Directive 87/372/EEC
1. Obligation on Member States to ensure that 905-914 and 950-959 MHz bands, or equivalent parts of the band, are reserved exclusively for a public pan-European cellular digital mobile communications service by 1 January 1991. The whole of 890-915 and 935-960 MHz bands are to be made available as soon as possible.
2. Definition of a public pan-European cellular digital land-based mobile communications service as a public, cellular radio service provided in each of the Member States to a common specification.
Recommendation 87/371/EEC
The Recommendation proposes that the telecommunications administrators implement detailed recommendations concerning the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community. Special consideration is to be given to the choice of transmission system and network interfaces. A time schedule is outlined in the annex to the Recommendation; the service should commence in 1991 at the latest.
- (4) *Deadline for implementing Member State legislation* — Directive 87/372/EEC: 26.12.1988
— Recommendation 87/371/EEC: Member States to inform the Commission at the end of each year, beginning at the end of 1989, of actions taken.
- (5) *Date of entry into force (if different from 4)*
- (6) *Reference* Official Journal L 196, 17.7.1987
- (7) *Follow-up work* The Council adopted, on 9 October 1990 two measures:
The first is a Recommendation on the coordinated introduction of pan-European land-based public radio paging in the Community. The recommendation aims to speed up the action which the Member States, telecommunications authorities and manufacturers need to take for the development, introduction and progressive expansion of Pan-European radio paging (Council Recommendation 90/543/EEC — Official Journal L 310, 9.11.1990).
The second is a Directive on the frequency bands to be reserved for the coordinated introduction of pan-European land-based public radio

paging. The Directive aims to ensure that the 169 MHz frequency band is available in time for Ermes — European radio messaging system (Council Directive 90/544/EEC — Official Journal L 310, 9.11.1990).

On 4 December 1990, the Council adopted a Commission proposal of August 1990 on the transitional measures applicable in the new *Länder* of the Federal Republic of Germany in the light of German reunification.

*(8) Commission
implementing
measure*



5. NEW TECHNOLOGIES AND SERVICES

5.11. Radio frequencies

<i>(1) Objective</i>	To reform the cooperation procedures in force in Europe, so as to ensure that the dedicated frequencies allocated to the Community do not become a bottleneck to stifle future developments.
<i>(2) Proposal</i>	Proposal for a Council Resolution on ways of strengthening European cooperation in the allocation of radio frequencies, with special reference to the pan-European services.
<i>(3) Contents</i>	<p>1. European cooperation in the coordination of radio frequencies must be strengthened with a view to allocating a sufficient number of frequencies to the new services as a function of the requirements of the European market. At the same time, account must be taken of the needs of existing services and of mobile and satellite applications, so as to ensure that the use of frequencies is planned on a long-term basis.</p> <p>2. Common positions must be worked out with regard to the use of frequencies in the context of international frequency coordination, notably under the auspices of the International Telecommunications Union (ITU) and its radiocommunication conferences (CAMR and CARR).</p> <p>3. Under the proposal the Commission, the Member States and the European Conference of Postal and Telecommunications Administrations are invited to introduce the new structures needed to ensure the attainment of these objectives. To this end, special emphasis is placed on the proposed creation of a European Radio Communications Bureau to meet the new needs of the pan-European services. The structure of this new Bureau must be such as to permit the broad participation of all the parties concerned (national bodies and administrations, service providers, manufacturers, users, ETSI, ITU, etc.). The Bureau will need to be structured along appropriate organizational and constitutional lines, with access to the necessary resources to enable it to operate independently and respond swiftly to the demands placed on it.</p>
<i>(4) Opinion of the European Parliament</i>	Not yet delivered.
<i>(5) Current status</i>	The proposal is currently being submitted to Parliament and to the Economic and Social Committee for information purposes.
<i>(6) Reference</i>	Commission proposal COM(90) 171 final
	Official Journal C 166, 7.7.1990

5. NEW TECHNOLOGIES AND SERVICES

5.12. Digital European cordless telecommunications (DECT)

- (1) Objective* The Recommendation and the Directive seek to promote the coordinated introduction of digital European cordless telecommunications (DECT) in the Community so as to avoid a proliferation of national solutions that would result in fragmentation of the market, an increase in production costs and systems incompatibility. A further aim is to ensure the availability of a frequency band (an essential precondition for the introduction of such a service) and the completion of earlier Community initiatives in the field of mobile communications.
- (2) Proposal* Proposal for Council Recommendation XX/XXX/EEC of 14 December 1990 on the coordinated introduction of digital European cordless telecommunications in the Community.
- Proposal for a Council Directive on the frequency bands to be designated for the coordinated introduction of digital European cordless telecommunications in the Community.
- (3) Contents* Council Recommendation
1. The Recommendation proposes that the telecommunications administrators draw up detailed recommendations on the coordinated introduction of digital European cordless telecommunications in the Community.
 2. Definition of the 'digital European cordless telecommunications system'.
 3. Member States are required to inform the Commission at the end of each year, from the end of 1992 onwards, of the measures taken and the problems encountered in the course of implementing this Recommendation.
 4. Annexes containing the general requirements regarding the choice of transmission system, network architecture, system specification and implementation, system features, tariff considerations and geographical coverage.
 5. The Recommendation proposes that the telecommunications administrations continue the cooperation within the European Conference of Postal and Telecommunications Administrations (CEPT) and/or the European Telecommunications Standards Institute (ETSI), with regard to the completion of specifications and the implementation of the DECT system.
 6. It also proposes that the Commission develop a long-term strategy for the evolution of the soon to be introduced pan-European digital cellular and paging systems into a universal personal communications system taking account of recent studies and the ETSI work programme.
- Proposal for a Council Directive
1. Definition of the 'digital European cordless telecommunications system (DECT)'.
 2. Obligation on the part of the Member States to designate the 1880-1900 MHz frequency band for digital cordless telecommunications by 1 January 1992. Digital European cordless telecommunications have priority and are protected in the band designated.
 3. The Commission will present a report to the Council on the implementation of this Directive by the end of 1995 at the latest.



<i>(4) Opinion of the European Parliament</i>	First reading: Parliament approved the Commission proposal without amendments.	
<i>(5) Current status</i>	The Council adopted a common position on 14 December 1990. In the framework of the cooperation procedure, this is currently before the European Parliament for a second reading .	
<i>(6) Reference</i>	Commission proposal COM(90) 139 final	Official Journal C 187, 27.7.1990
	Amended proposal COM(90) 677 final	Not yet published in the Official Journal
	European Parliament opinion First reading	Not yet published
	Economic and Social Committee opinion	Not yet published in the Official Journal.
	Council Recommendation	Not yet published in the Official Journal.

5. NEW TECHNOLOGIES AND SERVICES

5.13. Competition in the markets for telecommunication services

- (1) Objective* To strengthen Community telecommunications and gradually open up the telecommunications market to competition as planned in the Commission's 1987 Green Paper. This Directive, and another concerning open network provision (ONP — see summary 5.9) are fundamental stages in the creation of a true harmonized internal market in telecommunications which is open to competition.
- (2) Community measure* Commission Directive 90/388/EEC of 28 June 1990 on open competition in the markets for telecommunications services.
- (3) Contents*
1. Definition of the terms 'telecommunications services', 'telecommunications organizations', 'public telecommunications network', etc.
 2. The Directive does not apply to telex, mobile radiotelephony, paging or satellite communications services.
 3. Member States are bound to withdraw all special or exclusive rights for the provision of telecommunication services other than voice telephony. They must also take the measures necessary to ensure that any operator is entitled to provide such telecommunications services.
 4. Member States which make the provision of such services subject to a licensing or declaration procedure must ensure that the conditions for the grant of licences are objective, non-discriminatory and transparent, that reasons are given for any refusal, and that there is a procedure for appealing against any such refusal.
 5. As regards packet- or circuit-switched data services, Member States may until 31 December 1992, prohibit economic operators from offering leased line capacity for simple resale to the public. Member States must, no later than 31 December 1992, publish any licensing or declaration procedures adopted for the provisions of such services.
 6. Member States which maintain special or exclusive rights for the provision and operation of public telecommunications networks must take the necessary measures to make the conditions governing access to the networks objective and non-discriminatory and publish them.
 7. Member States must ensure that from 1 July 1991 the grant of operating licences, the control of type approval and mandatory specifications, the allocations of frequencies and surveillance of usage conditions are carried out by a body independent of the telecommunications organizations.
 8. In 1992, the Commission will carry out an overall assessment of the situation in the telecommunications sector in relation to the aims of this Directive. In 1994, the Commission shall assess the effects of the measures in order to see whether any amendments need to be made to the provisions of the Directive, particularly in the light of technological evolution.
- (4) Deadline for implementing Member State legislation*



(5) Date of entry into force (if different from 4)

(6) Reference

(7) Follow-up work

(8) Commission implementing measure

Official Journal L 192, 24.7.1990

5. NEW TECHNOLOGIES AND SERVICES

5.14. Protection of personal data : public digital telecommunications networks

(1) Objective

To approximate laws in the Member States concerning the protection of personal data and privacy in the context of public mobile and fixed digital telecommunications networks and the new 'intelligent' functions which they offer.

(2) Proposal

Proposal for a Council Directive concerning the protection of personal data and privacy in the context of public digital telecommunications networks, in particular the integrated services digital network (ISDN) and public digital mobile networks.

(3) Contents

1. This Directive is designed to provide an equivalent level of protection of personal data and privacy in the Community and to contribute towards the free movement of telecommunications services equipment in the Member States.
2. The definition of concepts of 'personal data', 'telecommunications organization', 'public telecommunications network' and 'public telecommunications service'.
3. The collection, storage and processing of personal data by a telecommunications organization can be justified only for the supply of the desired services and may not be used without legal authorization or the subscriber's prior consent.
4. This Directive sets out the user's rights and stresses the principle of non-disclosure of data to third parties without legal authorization. For example all personal data which are subjected to processing in the context of telecommunications networks and services must be treated confidentially.
5. The telecommunications organization must provide suitable protection of personal data against unauthorized access and use. In the event of the risk of a breach of security of a network, the telecommunications organization must inform subscribers accordingly and provide them with an end-to-end encryption service.
6. Application of the principle of storage and processing of personal data to invoicing and trade data.
7. The protection of subscribers' privacy will also be ensured in the context of itemized call statements by the omission of the last four figures of the number of the called subscriber.
8. The Directive makes detailed provisions concerning the identification of the calling line and in particular the possibility of eliminating identification, in order to respect the anonymity of the calling party and of the called party.
9. Protection of the privacy of both the calling subscriber and the called subscriber in the event of calls being redirected.
10. Prior notification of the calling subscriber if the content of calls is stored and/or forwarded to third parties.
11. Protection against unauthorized use of subscribers' personal data by providers of teleshopping and videotex services.
12. When implementing the provisions of this Directive, the Member States shall ensure that no compulsory requirement concerning specific technical characteristics is imposed on terminals or other telecommunications equipment, to avoid creating obstacles to the



marketing of equipment or the free movement of such equipment within and between the Member States.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status

The proposal is currently being submitted for examination by Parliament and the Economic and Social Committee.

(6) Reference

Commission proposal
COM(90) 314/VI final

Official Journal C 277, 5.11.1990

5. NEW TECHNOLOGIES AND SERVICES

5.15. Information security

<i>(1) Objective</i>	To provide general users, administrations and the business community with effective and practical security for electronically stored information without compromising the interests of the public at large.	
<i>(2) Proposal</i>	Proposal for a Council Decision in the field of information security.	
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Adoption of an action plan designed to develop a global strategy providing the users of information systems against accidental or deliberate threats. This plan will be implemented by the Commission in collaboration with the organizations and enterprises concerned and in close association with the Member States.2. The action plan comprises:<ul style="list-style-type: none">— development of an information security strategy framework;— analysis of information security requirements;— solutions for certain priority needs;— specifications, standardization and verification of information security;— integration of technological and operational developments for information security within a general strategy;— integration of certain security functions in information systems.3. The amount attributed to the action plan will be determined in the course of the annual budgetary procedure.4. For the implementation of the action plan, the Commission will consult a senior official's group on information security (Sogis). This group will consist of two representatives of each Member State and of the Commission and will be chaired by a Commission representative.5. The Commission will send to the European Parliament and the Council a report on the results of the action plan within three months of its completion.	
<i>(4) Opinion of the European Parliament</i>	Not yet delivered.	
<i>(5) Current status</i>	The proposal has been submitted to the European Parliament and the Economic and Social Committee for their opinions.	
<i>(6) Reference</i>	Commission proposal COM(90) 314/VII final	Official Journal C 277, 5.11.1990



5. NEW TECHNOLOGIES AND SERVICES

5.16. Exchange of electronic data (second phase of the Tedis programme)

- (1) *Objective* Ensuring that the setting-up of computerized data-exchange systems within the Community takes place in the most efficient manner possible, owing to the socio-economic importance of systems of this type, and mustering the resources needed to provide that optimum performance at Community level.
- (2) *Proposal* Proposal for a Council Decision introducing the second stage of the Tedis programme (Trade electronic data interchange systems).
- (3) *Contents* 1. In the light of the results of the first stage of the Tedis programme the Commission is sending the Council a proposal concerning a second stage with a budget of ECU 31.5 million covering a three-year period.
2. The first stage of the programme, which began in 1988 with a budget of ECU 5.3 million covering two years and also bringing in the EFTA countries as associates, coordinated the activities pursued in the following sectors: motor vehicle design (Odette), chemicals (Cefic-EDI), electronics and data processing (Edifice), retail trade and distribution (EAN-EDI), reinsurance (Rinet) and transport (Tedis Transport Group). The programme has made a major contribution towards commonality of the standards used by supporting the introduction of the international Edifact standard. The full report on the activities conducted during the initial stage is contained in document COM(90) 361 final.
3. The foremost aim of the second stage of the Tedis programme is to integrate the vertical EDI activities (first-stage sector projects) and the relevant horizontal activities, i.e.:
- standardization of EDI messages: development and use of the Edifact standard in western Europe. Development of conversion software in line with the Edifact standards and recommendations.
 - interlinking of data networks;
 - drawing-up of a model agreement on the legal status of EDI messages, their contractual validity and their proven values;
 - guaranteeing message security (partner authentication, message integrity, confidentiality ...)
 - coordination of the sectoral and geographical integration of the projects with the interface with the rest of the world, and in particular, apart from the EFTA countries, with the Mediterranean countries, central and eastern Europe;
 - measurement of the impact of EDI on the management and organization of public and private bodies and of its social and economic repercussions;
 - potential awareness campaigns aimed at potential users of such systems (and in particular SMBs) hardware and software producers, and the suppliers of services.
- (4) *Opinion of the European Parliament* Not yet delivered.

(5) Current status

The proposal is currently under examination by the European Parliament and the Economic Social Committee prior to the delivery of an opinion.

(6) Reference

Commission proposal
COM(90) 475 final

Official Journal C 311, 12.12.1990



6. CAPITAL MOVEMENTS

Current problems and 1992 objectives

A single market in which goods, services and persons circulate freely can only function efficiently if the related capital movements are unrestricted. In order to complete the internal market, restrictions on capital transfers must be abolished, and residents of any Member State must have free access to the financial systems and products of other Member States.

In spite of progress on liberalization of capital movements through EEC legislation in the 1960s and subsequent unilateral liberalization by some Member States, numerous restrictions (such as exchange controls) remained in force.

The 1985 White Paper aims to bring about complete liberalization of capital movements. Accordingly, the three Directives contained in the White Paper have now been adopted. The first measure (summary 6.1) removes the remaining restrictions between Member States, while the second (summary 6.3) liberalizes cross-frontier movements relating to:

- admission of securities to the capital markets;
- transactions in securities not dealt in on a stock exchange;
- long-term commercial loans;
- Ucits (e.g. unit trusts).

The third (summary 6.2) has similar provisions purely related to Ucits.

With a view to combating the laundering of the proceeds of criminal activities, the Commission presented a proposal for a Directive to the Council in March 1990 (COM(90) 106 final, published in Official Journal C 106, 28.4.1990).

This would make money laundering a criminal offence in all Member States and would require banks and other financial institutions to inform the authorities of financial transactions suspected of flowing from drug trafficking, terrorism or other forms of crime, and in particular organized crime.

This measure is intended to safeguard the integrity of the Community's financial market and at the same time to uphold the principle of a liberal and open financial system.

6. CAPITAL MOVEMENTS

6.1. Complete liberalization of capital movements

<i>(1) Objective</i>	To remove remaining restrictions on capital movements between the Member States as part of the completion of the internal market; this is a major step towards setting up an efficient and stable Community financial system.
<i>(2) Community measure</i>	Council Directive 88/361/EEC of 24 June 1988 for the implementation of Article 67 of the Treaty.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Obligation on the Member States to abolish restrictions on the movement of capital between persons resident in Member States.2. Obligation on Member States to ensure that capital transfers be made at the same exchange rates as those applying to current transactions.3. Obligation on Member States to notify the Commission and certain other relevant bodies of certain measures to regulate bank liquidity. These must be limited to what is necessary for domestic monetary regulation.4. Procedures under which Member States may take protective measures restricting certain capital movements. These are only permitted when foreign exchange markets are subjected to short-term capital movements of exceptional magnitude, which then lead to serious disturbances in a Member State's monetary and exchange-rate policies. These protective measures can only be applied for up to six months. These provisions shall be reconsidered following a report from the Commission to the Council before 31 December 1992.5. Member States shall endeavour to apply the same degree of liberalization to operations concerning the movement of capital to and from third countries as occurs between themselves. This commitment shall not prejudice the application to third countries of domestic or Community rules concerning operations involving establishments, provision of financial services and admission of securities to capital markets. In the case of disturbances affecting the monetary or financial situation arising from short-term capital movements to or from third countries, measures shall be taken after consultation between Member States.6. Postponed implementation of the Directive in the case of Greece, Ireland, Portugal and Spain.7. Authorization for Belgium and Luxembourg to continue to operate their dual exchange rate until 31 December 1992 subject to specified conditions.8. Annex to the Directive containing a new classification of capital movements.
<i>(4) Deadline for implementing Member State legislation</i>	1.7.1990
<i>(5) Date of entry into force (if different from 4)</i>	



(6) Reference

Official Journal L 178, 8.7.1988

(7) Follow-up work

The Commission has presented to the Council a proposal aimed at eliminating or reducing risks of distortion, tax evasion and avoidance linked to the diversity of national systems for taxation of savings and for controlling application of these systems (COM(89) 60 final, published in Official Journal C 141, 7.6.1989).

*(8) Commission
implementing
measure*

6. CAPITAL MOVEMENTS

6.2. Liberalization of Ucits

- (1) *Objective* To liberalize capital movements for transactions in Ucits, (e.g. unit trusts). This is possible now that a Directive exists which provides investors in Ucits with more effective protection and uniform safeguards (summary 3.6).
- (2) *Community measure* Council Directive 85/583/EEC of 20 December 1985 amending the Directive of 11 May 1960 on the implementation of Article 67 of the Treaty.
- (3) *Contents* Amendment of the Directive of 11 May 1960 on liberalization of capital movements to include the units of collective investment undertakings.
- (4) *Deadline for implementing Member State legislation* — 31.12.1990 Portugal
— 1.10.1989 Others
- (5) *Date of entry into force (if different from 4)*
- (6) *Reference* Official Journal L 372, 31.12.1985
- (7) *Follow-up work*
- (8) *Commission implementing measure*



6. CAPITAL MOVEMENTS

6.3. Liberalization of certain capital transactions

<i>(1) Objective</i>	To complete the effective liberalization throughout the Community of the capital operations directly necessary for the proper functioning of the common market and for the linkage of domestic capital markets.
<i>(2) Community measure</i>	Council Directive 86/566/EEC of 17 November 1986 amending the First Directive of 11 May 1960 on the implementation of Article 67 of the Treaty.
<i>(3) Contents</i>	<p>1. New obligations on Member States to grant authorization and exchange-control facilities for transactions related to:</p> <ul style="list-style-type: none"> — long-term commercial credits; — acquisition of securities not dealt in on a stock exchange (shares, bonds and Ucits); — admission (introduction, issue and placing) of securities to the capital markets. <p>2. Postponed implementation of the Directive in the cases of Spain and Portugal, and derogations in the cases of Greece, Ireland and Italy.</p>
<i>(4) Deadline for implementing Member State legislation</i>	<ul style="list-style-type: none"> — 31.12.1992 Portugal — 31.12.1990 Spain — 28.2.1987 Others
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 332, 26.11.1986
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

Current problems and 1992 objectives

One of the fundamental principles of the EEC Treaty is that a citizen of one Member State should be free to live and work in another Member State as an employee or as a self-employed person.

Much has already been achieved by the Community, particularly in the case of employees and a number of specific professions. Nevertheless, there remain obstacles which must be removed by 1992 if the single market in goods and services is to be matched by a single market for labour and the professions.

On the one hand, the White Paper programme tackles some of the remaining general obstacles to free movement of labour. These include:

- summary 7.1: Free movement of workers and their families;
- summary 7.2: Income tax for workers who live and work in different Member States.

On the other hand, the programme addresses obstacles which are specific to certain regulated professions. This normally involves recognition of foreign qualifications. These measures are concerned with:

- summaries 7.6 and 7.7: Recognition and comparability of higher education and vocational qualifications;
- summaries 7.8 to 7.13: Issues concerned with the pharmaceutical and medical sector and commercial agents.

Since 1985 progress in this area has been limited to the organization and recognition of diplomas, either on the basis of specific directives or through a general system of recognition of university diplomas, to which lower-level qualifications were subsequently added.

It would not be in line with the objective of completing the internal market or with the legitimate expectations of European citizens to establish an area without frontiers in which freedom of movement was assured but nationals of Member States were not also given the right to live where they wanted.

This is the objective of the three Council Directives on the right of residence for students and retired and non-active workers (summaries 7.3, 7.4 and 7.5).

Freedom of movement for workers within a single economic and social area creates new requirements for continuing vocational training. Such training performs three functions inside and outside firms: ensuring permanent adaptation to the changing nature and content of occupations; enabling workers to improve their situation; and preventing and forestalling any consequences of the completion of the internal market.

A consensus has emerged among those responsible for political and socio-economic aspects that a Community action programme should be drawn up with the aim of significantly improving access to continuing vocational training.

This action programme comprises a common framework of general principles which the public authorities of the Member States undertake to promote and a number of transnational measures to be implemented at Community level (Proposal for a Council Decision of 8 December 1989 — COM(89) 567 final, Official Journal C 130, 29.5.1990).



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.1. Free movement of workers and their families

- (1) *Objective* To extend the benefits of Community law on free movement of workers to cover all descendants and ascendants of the worker and his spouse and all dependent collateral relatives. To strengthen the rules of equal treatment of nationals of the host State and other Community nationals. To strengthen the right of residence of unemployed workers and their families.
- (2) *Proposal* Proposal for a Council Regulation amending Regulation (EEC) No 1612/68 of 15 October 1968 on freedom of movement for workers within the Community and a proposal for a Council Directive amending Directive 68/360/EEC of 15 October 1968 on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families.
- (3) *Contents* Proposal for a Council Regulation amending Regulation (EEC) No 1612/68.
1. Obligation on Member States to offer nationals from other Member States the same employment opportunities and conditions as those offered to their own nationals, including aids promoting mobility and recruitment for nationals travelling in and to both Member and non-member States in order to take up employment. This also includes access to training schemes of a vocational or readaptation nature.
 2. Obligation on Member States which make certain social or tax advantages, e.g. housing, subject to facts or events occurring on their national territory, to grant these advantages to nationals of other Member States where the facts or events in question have occurred in the territory of the other Member States.
 3. Conditions for equality of treatment concerning membership of trade unions, eligibility for trade union office. Nationals of other Member States may only be excluded from holding an office governed by public law when this involves the exercise of official authority.
 4. The existing right to equal treatment in respect of housing shall be extended to include housing loans and grants.
 5. Members of the family of a worker employed in a Member State which is not his own, who do not have the nationality of a Member State, shall have the right to live with him or her and take up employment in that Member State subject to the laws, regulations, etc. governing the employment of nationals of that Member State. Members of the family, even if they do not have the nationality of a Member State, shall also enjoy the same social advantages, including education, as those enjoyed by nationals of that State with aid from the authorities if necessary to simplify administrative procedures, etc. The death of the worker on whom the family is dependent shall not affect their rights. For these purposes, family means the spouse and their descendants, relatives in the ascending line of the worker and the spouse, and any other member of the family dependent on or living under the roof of the worker or the spouse in the country whence they came.
 6. These provisions in respect of workers' families shall also apply to the families of workers who are sent by their employers to work in another Member State or a non-EC country.

7. Obligation on Member States to ensure that the principle of equal treatment in the fields covered by the Regulation is maintained and carried out by all persons.

Proposal for a Council Directive amending Directive 68/360/EEC.

1. Obligation on Member States to issue proof of right of residence in the form of a document entitled 'European Communities residence card'. This must be valid for at least five years from date of issue and automatically renewable for periods of 10 years. The validity of the card shall not be affected by breaks in residence not exceeding six consecutive months, e.g. for medical reasons, maternity, study, etc., nor by absence on military service.

2. Provisions for the issue of the European Communities residence card when the worker has held several successive temporary jobs for a total duration of at least 12 months during an uninterrupted residence of 18 months. The temporary card issued to a worker who has been employed for more than three months and less than one year and who has acquired entitlement to unemployment benefit shall be automatically renewed until the entitlement to unemployment benefit has expired. If the worker has been employed for less than three months and has acquired entitlement to unemployment benefit, he shall be issued a residence card valid for three months renewable until the entitlement to benefit has expired.

3. Also, unemployment due to incapacity for work because of maternity does not constitute reason for withdrawal of the residence card. When the residence card expires during a period of incapacity for work it shall be automatically renewed.

4. Provision that the issue of residence documents and other supporting documents shall be free or cost no more than the identity cards issued to nationals.

5. Presentation of residence card may not be demanded at frontiers.

(4) Opinion of the European Parliament

First reading: Parliament approved the proposal subject to amendments some of which were accepted by the Commission.

(5) Current status

The amended proposal is at present before the Council for a common position.

(6) Reference

Commission proposals COM(88) 815 final	Official Journal C 100, 21.4.1989
Amended proposals COM(90) 108 final	Official Journal C 119, 15.5.1990 Official Journal C 177, 18.7.1990
European Parliament opinion First reading	Official Journal C 68, 19.3.1990
Economic and Social Committee opinion	Official Journal C 159, 26.6.1989



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.2. Free movement of workers: income tax

<i>(1) Objective</i>	To harmonize income taxes and certain tax reliefs for non-resident workers.	
<i>(2) Proposal</i>	Proposal for a Council Directive concerning the harmonization of income taxation provisions with respect to freedom of movement for workers within the Community.	
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Directive applies to the taxation of frontier and non-resident workers. 2. 'Resident' is to be interpreted in line with existing national tax provisions and relevant double taxation agreements. 3. Definition of a frontier worker as an individual who derives income from employment in a Member State in which he is not resident and who is resident in another Member State to which he returns daily. 4. Frontier workers are taxed by their Member State of residence. However, the Member State of employment can levy a withholding tax. The worker can offset any such tax against tax paid to his Member State of residence. 5. If a worker is resident in one Member State, but is liable to taxation by another Member State on pensions or other specialized income, this tax cannot be levied at a greater rate than that which would be due in the Member State of residence. 6. If a Member State grants tax relief for particular payments (e.g. pensions) within its own borders, it has to extend similar relief for such payments within other Member States. 	
<i>(4) Opinion of the European Parliament</i>	The European Parliament approved the proposal.	
<i>(5) Current status</i>	The proposal is before the Council for adoption.	
<i>(6) Reference</i>	Commission proposal COM(79) 737 final	Official Journal C 21, 26.1.1980
	European Parliament opinion Economic and Social Committee opinion	Official Journal C 149, 14.6.1982 Official Journal C 113, 17.12.1980

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.3. Right of residence : students

<i>(1) Objective</i>	To eliminate obstacles to the free movement of persons and guarantee equal access to vocational training in the Community.
<i>(2) Community measure</i>	Council Directive 90/366/EEC of 28 June 1990 on the right of residence for students.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. Member States will grant the right of residence to any student who is a national of a Member State and who does not enjoy this right under other provisions of Community law where the student assures the relevant national authority, by means of a declaration or by such alternative means as the student may choose that are at least equivalent, that he or she has sufficient resources to avoid becoming a burden on the social security system of the host Member State during his or her period of residence. The student must also be enrolled at a recognized establishment for the principal purpose of following a vocational training course there and must be covered by sickness insurance in respect of all risks in the host Member State.2. The right of residence is extended to the student's spouse and dependent children.3. The Directive does not establish any entitlement to the payment of maintenance grants by the host Member State to students benefiting from the right of residence.4. Member States will issue a residence permit the validity of which may be limited to the duration of the course of studies and which will be renewable annually. Where a member of the family does not hold the nationality of a Member State, he or she shall be issued with a residence document of the same validity as that issued to the national on whom he or she depends. The spouse and dependent children of a national of a Member State will be entitled to take up an employed or self-employed activity anywhere within the territory of that Member State, even if they are not nationals of a Member State.5. Member States may not derogate from the provisions of the Directive save on grounds of public policy, public security or public health.
<i>(4) Deadline for implementing Member State legislation</i>	30.6.1992
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 180, 13.7.1990
<i>(7) Follow-up work</i>	Not more than three years following the entry into force of the Directive, and then every three years, the Commission will draw up a report on the implementation of this Directive and present it to the Council and the European Parliament. The Commission will pay particular attention to any difficulties to which implementation of the article concerning the granting of the right of



residence might give rise in Member States. If appropriate, it will submit proposals to the Council with the aim of remedying such difficulties.

*(8) Commission
implementing
measure*

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.4. Right of residence: employees and self-employed persons who have ceased their occupational activity

(1) *Objective* To remove obstacles to the free movement of persons, to extend the right of residence enjoyed by all employed or self-employed persons to the non-active part of their working life.

(2) *Community measure* Council Directive 90/365/EEC of 28 June 1990 on the right of residence for employees and self-employed persons who have ceased their occupational activity.

(3) *Contents*

1. Member States will grant the right of residence to nationals of Member States who have pursued in the Community an activity as an employee or self-employed person provided that they are the recipients:
 - of an invalidity or early retirement pension or old-age benefits, or
 - a pension in respect of an industrial accident or disease and provided they are covered by sickness insurance or have sufficient resources to avoid becoming a burden on the social security system of the host Member State during their period of residence. The right of residence will also be granted to members of their family (spouse, dependent descendants and dependent relatives in the ascending line of the nationals concerned or their spouse).
2. Member States will issue a residence permit the validity of which may be limited to five years on a renewable basis. However, they may, if they deem it to be necessary, require revalidation of the permit at the end of the first two years of residence. Where a member of the family does not hold the nationality of a Member State, he or she will be issued with a residence document of the same validity as that issued to the national on whom he or she depends. For the purposes of issuing the residence permit or document, the Member State may require only that the applicant present a valid identity card or passport and provide proof that he or she meets the conditions laid down.
3. The spouse and the dependent children of a national of a Member State entitled to the right of residence may take up any employed or self-employed activity anywhere within the territory of the Member State, even if they are not nationals of a Member State.
4. Member States may not derogate from the provisions of the Directive save on the grounds of public policy, public security or public health.

(4) *Deadline for implementing Member State legislation* 30.6.1992

(5) *Date of entry into force (if different from 4)*

(6) *Reference*

Official Journal L 180, 13.7.1990



(7) Follow-up work

Not more than three years following the entry into force of the Directive, and then every three years, the Commission will draw up a report on the implementation of this Directive and present it to the Council and the European Parliament.

*(8) Commission
implementing
measure*

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.5. Right of residence

<i>(1) Objective</i>	To remove obstacles to the free movement of persons, and allow any European citizen to reside in a country other than his own.
<i>(2) Community measure</i>	Council Directive 90/364/EEC of 28 June 1990, on the right of residence.
<i>(3) Contents</i>	<p>1. Member States will grant the right of residence to nationals of Member States who do not enjoy this right under other provisions of Community law provided that they themselves and the members of their family (spouse, dependent descendants and dependent relatives in the ascending line of the person concerned or his or her spouse) are covered by sickness insurance in respect of all risks in the host Member State and have sufficient resources to avoid becoming a burden on the social security system of the host Member State during their period of residence.</p> <p>2. Member States will issue a residence permit the validity of which may be limited to five years on a renewable basis. However, they may, if they deem it to be necessary, require revalidation of the permit at the end of the first two years of residence. Where a member of the family does not hold the nationality of a Member State, he or she will be issued with a residence document of the same validity as that issued to the national on whom he or she depends.</p> <p>3. The spouse and the dependent children of a national of a Member State entitled to the right of residence within the territory of the Member State may take up any employed or self-employed activity anywhere within the territory of that Member State, even if they are not nationals of a Member State.</p> <p>4. Member States may not derogate from the provisions of the Directive save on the grounds of public policy, public security or public health. The Directive does not affect existing law on the acquisition of second homes.</p>
<i>(4) Deadline for implementing Member State legislation</i>	30.6.1992
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 180, 13.7.1990
<i>(7) Follow-up work</i>	Not later than three years following the entry into force of the Directive, and then every three years, the Commission will draw up a report on the implementation of this Directive and present it to the Council and the European Parliament.
<i>(8) Commission implementing measure</i>	



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.6. Recognition of diplomas, certificates, and other evidence of formal qualifications awarded on completion of a higher-education course of at least three years' duration

- (1) *Objective* To enable higher-education professional diplomas acquired in a Member State to be recognized in another host Member State which regulates the professional activity in question, without prior harmonization of training courses.
- (2) *Community measure* Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas, awarded on completion of professional training of at least three years' duration.
- (3) *Contents*
1. Definitions of 'diploma', 'host Member State', 'regulated professional activity', 'professional experience', 'adaptation period' and 'aptitude test'.
 2. A Member State which regulates a profession will recognize qualifications acquired in another Member State and permit their holder to pursue his activity or activities on the same conditions as apply to its own nationals.
 3. The Directive applies to all professions for which higher-education qualifications are required and which are not the subject of specific directives on recognition. The term 'regulated professions' covers those professions exercised by members of private associations which are recognized in a special form in a Member State (e.g. 'chartered bodies' in the United Kingdom and their counterparts in Ireland). Diplomas acquired by Community nationals in a third country are also covered by the Directive provided that:
 - the education and training to which they attest were received mainly in the Community, or
 - the holder possesses proof of three years' professional experience in the Member State recognizing these diplomas.
 4. The Directive adopts the following recognition arrangements:
 - basic principle: automatic recognition by the host Member State;
 - exception: recognition by the host Member State after compensation in the form of:
 - either an adaptation period, or
 - an aptitude test,
 where the host State provides evidence of substantial differences between the education and training received and that required; or
 - prior professional experience,
 where the duration of the migrant's education and training is less than that required in the host Member State.

The applicant may choose between the two types of compensation. In the case of the legal professions, this choice is left to the host Member State.
 5. To facilitate its application, the Directive sets up under the aegis of the Commission a coordinating group composed of national coordinators.

6. From its entry into force, the Directive imposes an obligation:
— on Member States to communicate to the Commission every two years a report on the application of the Directive;
— on the Commission to report within a period of five years to the European Parliament and the Council on the state of application of the Directive together with its conclusions as to any changes that need to be made.

(4) Deadline for implementing Member State legislation

4.1.1991

(5) Date of entry into force (if different from 4)

(6) Reference

Official Journal L 19, 24.1.1989

(7) Follow-up work

See summary 7.7, which concerns diplomas, certificates and other evidence of formal qualifications attesting to higher education of less than three years' duration.

On 4 December 1990, the Council adopted a Commission proposal of August 1990 on the transitional measures applicable in the new *Länder* of the Federal Republic of Germany in the light of German reunification.

(8) Commission implementing measure



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.7. Recognition of diplomas, certificates, and other evidence of formal qualifications attesting to education and training other than higher education of at least three years' duration

- (1) *Objective* This proposal is the last in a set of measures giving every Community national the right to have qualifications acquired in one Member State recognized or taken into account by another Member State. It extends the system of mutual recognition introduced by Directive 89/48/EEC (see summary 7.6) to those professions for which the required level of training is not as high.
- (2) *Proposal* Proposal for a Council Directive on a second general system for the recognition of professional education and training which complements Directive 89/48/EEC.
- (3) *Contents*
1. Definitions of 'diploma', 'certificate', 'host Member State', 'regulated profession', 'regulated professional activity', 'professional experience', 'adaptation period' and 'aptitude test'.
 2. A Member State which regulates a profession will recognize qualifications acquired in another Member State and permit their holder to pursue his activity or activities on the same conditions as apply to its own nationals.
 3. The Directive will apply to those professions which are not the subject of a specific directive on recognition.
The term 'regulated professions' covers those professions exercised by members of private associations which are recognized in a special form in a Member State (e.g. 'chartered bodies' in the United Kingdom and their counterparts in Ireland).
Diplomas acquired by Community nationals in a third country will also be covered by the Directive provided that:
 - the education and training to which they attest were received mainly in the Community, or
 - their holder possesses proof of three years' professional experience in the Member State recognizing these diplomas.
 4. The proposal adopts the following recognition arrangements:
 - basic principle: automatic recognition by the host Member State;
 - exception: recognition by the host Member State after compensation in the form of:
 - either an adaptation period, or
 - an aptitude test,
 - (a) where the host State provides evidence of substantial differences between the education and training received and that required;
 - (b) where there are, in the host State, differences in the fields of activity characterized by specific education and training, relating to subjects which differ substantially from those covered by the applicant's qualification;
 - or prior professional experience, where the duration of the migrant's education and training is less than that required in the host Member State.

The host Member State must allow the applicant to choose between an adaptation period and an aptitude test.

5. The proposal covers a very wide range of qualifications ; it therefore had to be divided into two new levels :
- a level corresponding to a short post-secondary course ;
 - a level corresponding to a secondary course.
6. Consequently, provision had to be made for recognition not only between Member States whose training courses are at the same level but also between Member States whose training courses are not at the same level, including that covered by Directive 89/48/EEC.
7. In addition to a procedure for recognizing education and training received by means of a structured course, the professional experience.
8. It extends to employees the provisions of certain specific directives (so-called transitional directives covering in particular the distributive trades and craft industries) which at present cover only the self-employed.
9. The proposal extends the role of the coordinating group set up by Directive 89/48/EEC and lays down the same obligations for the Member States and the Commission regarding reports on the application of the future Directive.

(4) Opinion of the European Parliament

First reading : the European Parliament supports the Commission proposal and regards it as an essential complement to Directive 89/48/EEC. The changes adopted, which are incorporated in the amended Commission proposal, are aimed mainly at improving the transparency of the system, the information available to the migrant and his situation when he has to undergo an adaptation period and at giving greater consideration to the actual level of certain training courses for paramedical staff and health workers.

(5) Current status

On 6 August 1990, the Commission adopted an amended proposal. This has been transmitted to the Council with a view to the adoption of a common position.

(6) Reference

Commission proposal COM(89) 372 final	Official Journal C 263, 16.10.1989
Amended proposal COM(90) 389 final	Official Journal C 217, 1.9.1990
Opinion of the European Parliament	Official Journal C 149, 18.6.1990
First reading	
Opinion of the Economic and Social Committee	Official Journal C 75, 26.1.1990



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.8. Comparability of qualifications

(1) *Objective* To establish comparability of vocational training qualifications throughout the Member States. This will allow workers to practise their skills throughout the Community.

(2) *Community measure* Council Decision 85/368/EEC of 16 July 1985 on the comparability of vocational training qualifications.

(3) *Contents*

1. The purpose of the Decision is to enable skilled workers to make better use of their qualifications, in particular to obtain suitable employment in another Member State.
2. The Commission has completed and published in the Official Journal its work on the comparability of vocational training qualifications, in respect of occupations at 'skilled worker' level in the following sectors:
 - hotel and catering industry (Horeca):
Official Journal C 166, 3.7.1989,
 - motor vehicle repair sector:
Official Journal C 168, 3.7.1989,
 - construction/building sector:
Official Journal C 292, 20.11.1989,
 - electrical/electronics sector:
Official Journal C 321, 22.12.1989,
 - agriculture/horticulture/forestry:
Official Journal C 83, 2.4.1990.
 - textile/garment industry
Official Journal C 253, 8.10.1990

The Commission has also produced a model information sheet intended mainly to enable migrant workers to explain the nature of their qualifications more clearly. The model is published in Official Journal C 209 of 14.8.1989.
3. On 12 June 1990, the Commission presented its interim report on the implementation of Decision 85/368/EEC on the comparability of vocational training qualifications between the Member States of the European Community (COM(90) 225 final). The report describes the characteristics of the system, the work completed and the difficulties encountered. It also refers to the measures adopted at Community level and those envisaged at national level.
4. Each Member State has appointed a coordinating body responsible for the comparability of qualifications and overseeing its application.

(4) *Deadline for implementing Member State legislation*

(5) *Date of entry into force (if different from 4)*

(6) *Reference*

Official Journal L 199, 31.7.1985

(7) Follow-up work

- On 26 November 1990 the Council adopted a resolution which:
- takes note of the interim report presented by the Commission on the implementation of Decision 85/368/EEC (See Contents, point 3);
 - notes the need to ensure that the work done on the comparability of vocational qualifications is effective by making a sustained effort in the dissemination, exchange and utilization of information on the comparability of qualifications already established (see Contents, point 4);
 - considers it necessary, after assessing the results of work on the comparability of qualifications, to decide on the extension of work on the comparability of qualifications to other occupations at all levels of vocational training which are involved most frequently in current instances of mobility; one of the priorities should be vocational training qualifications connected with technological innovation;
 - invites Member States to submit the first report on the application of the system of comparability of qualifications by 31 December 1991, incorporating any suggestions which they consider appropriate;
 - invites the Commission to present proposals taking account of this resolution and of the national reports referred to above.

(8) Commission implementing measure

- Continuation of the work under way with the technical assistance of Cedefop to establish the comparability of qualifications relating to occupations in other sectors;
- coordination of operations involving information about and utilization of the work already carried out;
- assessment of the results achieved by the implementation of the system;
- consideration of improvements to be made to the present system.



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.9. Training in technology

<i>(1) Objective</i>	To strengthen cooperation between industry and training institutions in order to improve the initial training and updating of skills for those whose employment is affected by technological innovations.
<i>(2) Community measure</i>	Council Decision 86/365/EEC of 24 July 1986 adopting the programme on cooperation between universities and enterprises regarding training in the field of technology (Comett).
<i>(3) Contents</i>	<ol style="list-style-type: none"> 1. The Comett programme. This programme is designed to strengthen and stimulate intra-Community cooperation between universities and enterprises regarding training in the field of technology. 2. Definition of the terms 'university' and 'enterprise' for the purposes of the programme. 3. Objectives of the programme : <ul style="list-style-type: none"> — to give a European dimension to the cooperation between universities and enterprises ; — to foster the joint development of training programmes ; — to improve the supply of training ; — to develop the level of training in response to technological and social changes. 4. EEC financing of ECU 45 million available for the programme. 5. Implementation of the programme by the Commission shall follow the detailed provisions in this Decision. The Commission shall be assisted by a committee of two representatives of each Member State, who in turn may be assisted by experts or advisers.
<i>(4) Deadline for implementing Member State legislation</i>	1.1.1986
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 222, 8.8.1986
<i>(7) Follow-up work</i>	Under Council Decision 89/27/EEC (Official Journal L 13, 17.1.1989) the Comett II programme will start on 1 January 1990.
<i>(8) Commission implementing measure</i>	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.10. Pharmacy: qualifications in pharmacy

<i>(1) Objective</i>	To define the minimum range of activities which formally qualified pharmacists can pursue in all Member States. To set up an advisory committee on pharmaceutical training.
<i>(2) Community measure</i>	<p>Council Directive 85/432/EEC of 16 September 1985 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the field of pharmacy.</p> <p>Council Decision 85/434/EEC of 16 September 1985 setting up an advisory committee on pharmaceutical training.</p>
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Directive applies to holders of professional qualifications in pharmacy who wish to pursue activities which require such qualifications, e.g. the preparation of medicines, the provision of information and advice on medicines.2. Criteria on which Member States shall base the award of qualifications, e.g. they must have followed training which ensures adequate knowledge of medicines, pharmaceutical technology, the metabolism, etc.3. Further coordinating proposals on specializations in pharmacy may be issued within three years from 1 October 1987.4. A pharmaceutical committee will be available should any Member State encounter major difficulties in applying this Directive.
<i>(4) Deadline for implementing Member State legislation</i>	1.10.1987
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 253, 24.9.1985
<i>(7) Follow-up work</i>	Preparation of proposals concerning specialized pharmaceutical training to be sent by the Commission to the Council.
<i>(8) Commission implementing measure</i>	



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.11. Pharmacy: Mutual recognition of diplomas in pharmacy

<i>(1) Objective</i>	To facilitate the right to set up practice as a pharmacist in any Member State.
<i>(2) Community measure</i>	Council Directive 85/433/EEC of 16 September 1985 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy.
<i>(3) Contents</i>	<p>1. The Directive applies to holders of professional qualifications in pharmacy who wish to pursue activities which require such qualifications, e.g. the preparation of medicines, provision of information and advice on medicines.</p> <p>2. Obligation on Member States to recognize qualifications listed in the Directive and awarded by other Member States. They must give to such qualifications the same effect in their territory as the qualifications they themselves award. Examples of qualifications include: Belgium: Le diplôme légal de pharmacien; Ireland: The Certificate of Registered Pharmaceutical Chemist. Furthermore, when the pursuit of the activity requires additional professional experience, Member States are obliged to accept a certificate issued by the competent authorities of the applicant's Member State attesting that he possesses the relevant experience.</p> <p>3. Derogation allowing Greece not to give effect to the obligations laid down in the Directive. Other Member States need not provide equal recognition to relevant qualifications awarded in Greece.</p> <p>4. Obligation on Member States to permit nationals of other Member States who fulfil the relevant conditions to use their academic titles.</p> <p>5. Procedure for authorizing pharmacists to set up in practice. A Member State may require proof of good character and a certificate of physical and mental health before granting authorization.</p>
<i>(4) Deadline for implementing Member State legislation</i>	1.10.1987
<i>(5) Date of entry into force (if different from 4)</i>	
<i>(6) Reference</i>	Official Journal L 253, 24.9.1985
<i>(7) Follow-up work</i>	<p>Directive 85/584/EEC (Official Journal L 372, 31.12.1985). Council Directive of 20 December 1985 amending, on account of the accession of Spain and Portugal, Directive 85/433/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the</p>

*(8) Commission
implementing
measure*

effective exercise of the right of establishment relating to certain activities in the field of pharmacy.



7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.12. Specific training in general medical practice

- | | |
|---|---|
| (1) <i>Objective</i> | To provide for the specific training of general medical practitioners; this will allow mutual recognition of medical qualifications throughout the Member States. |
| (2) <i>Community measure</i> | Council Directive 86/457/EEC of 15 September 1986 on specific training in general medical practice. |
| (3) <i>Contents</i> | <ol style="list-style-type: none"> 1. Definition of what specific training in general medical practice entails. It should include at least six years' study within the framework laid out by a previous directive, should be practically based, etc. 2. Types of specific part-time training permitted in the Member States, e.g. part-time courses must not have a weekly duration of less than 60% of the full-time courses. 3. Rights of Member States to issue a diploma, certificate or other evidence of formal qualifications. 4. Member States must make general medical practice conditional on a formal medical qualification. 5. Member States must recognize evidence of formal qualifications issued by other Member States and ensure that the possessor of such qualifications has the right to use the accompanying title. |
| (4) <i>Deadline for implementing Member State legislation</i> | |
| (5) <i>Date of entry into force (if different from 4)</i> | 1.1.1995 at the latest. |
| (6) <i>Reference</i> | - Official Journal L 267, 19.9.1986 |
| (7) <i>Follow-up work</i> | |
| (8) <i>Commission implementing measure</i> | In accordance with Article 12 of Directive 86/457/EEC, the Commission has published in the Official Journal of the European Communities the designations adopted by each Member State for the diplomas, certificates or other evidence of formal qualification and, where appropriate, the professional titles in question (Official Journal C 268, 24.10.1990). |

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.13. Commercial agents

<i>(1) Objective</i>	To coordinate national legislation concerning relationships between self-employed commercial agents and their principals.
<i>(2) Community measure</i>	Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents.
<i>(3) Contents</i>	<ol style="list-style-type: none">1. The Directive applies to the laws, regulations and administrative provisions governing the relations between commercial agents and their principals. An independent commercial agent is empowered by the principal to negotiate or conclude the sale or purchase of goods in the name of, and on behalf of, the principal.2. Rights and obligations of a commercial agent, e.g. he must communicate to his principal all the necessary information available to him, he must make proper efforts to negotiate and, where appropriate, conclude the transaction.3. Remuneration to which a commercial agent is entitled, e.g. a commission on commercial transactions concluded as a result of his action.4. Context and termination of agency contracts. Each party is entitled to receive a signed written document from the other setting out the terms of the agency contract. Where the contract is for an indefinite period it may be terminated by notice.
<i>(4) Deadline for implementing Member State legislation</i>	<ul style="list-style-type: none">— 1.1.1994 Ireland and UK— 1.1.1993 Italy (Article 17)— 1.1.1990 Others
<i>(5) Date of entry into force (if different from 4)</i>	1.1.1994
<i>(6) Reference</i>	Official Journal L 382, 31.12.1986
<i>(7) Follow-up work</i>	
<i>(8) Commission implementing measure</i>	

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