

**COMPLETING THE  
INTERNAL MARKET**



**CURRENT STATUS MARCH 1988**

**A COMMON MARKET  
FOR SERVICES**

**Banking**

**Insurance**

**Securities**

**Transport**

**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 "Completing the Internal Market" setting out a target of achieving by 1992 a single European market for goods, services, people and capital.

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

In March 1988, the Commission issued its "Third 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 brochure is one of a series of five intended to summarize the current problems, the 1992 objectives and the measures and proposals contained in the White Paper and Third Report.

The complete series of brochures covers

**A common market for services**

**The elimination of frontier barriers and fiscal controls**

**Conditions for industrial cooperation  
A single public procurement market**

**A new Community standards policy**

**Plant and animal health controls**

These brochures will be updated and reissued at regular intervals until 1992. Details about availability are given on the inside back cover.

# A COMMON MARKET FOR SERVICES

## How To Use This Brochure

### The aim of this series of brochures is to

- Inform the interested European public about the steps which are being taken to bring about the single market
- Summarize the approach which is being taken in individual business sectors
- Provide a first reference to the content and current status of each proposal which the Commission has drafted to bring about the 1992 Internal Market.

### This brochure contains

- A brief description of how the Community makes laws and recommendations
- A general introduction to the issues and problems in creating an Internal Market in services
- Specialized introductions to the approach being adopted in individual sectors of the services market
- Brief summaries of every measure which has been adopted or proposed to create the Internal Market for services. Proposals mentioned in the White Paper but not yet issued by the Commission will be summarized in the future updates of the brochure.

### The reader should

- Ensure he is familiar with how the Community makes laws and recommendations. If not, he should turn to page iii
- Read the general introduction to services for an overview of the issues (page 1)
- Select the section(s) which cover sector(s) of interest from the contents (page vii).

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 information offices listed inside the back cover.



## HOW THE EUROPEAN COMMUNITY MAKES LAW 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

- The Commission (which has both executive and administrative roles) initiates and drafts a proposal which it submits to the Council
- 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
- 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 brochure 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* summarised in this brochure are *Council decisions* although in certain cases the Commission has the power to adopt *Commission decisions*.

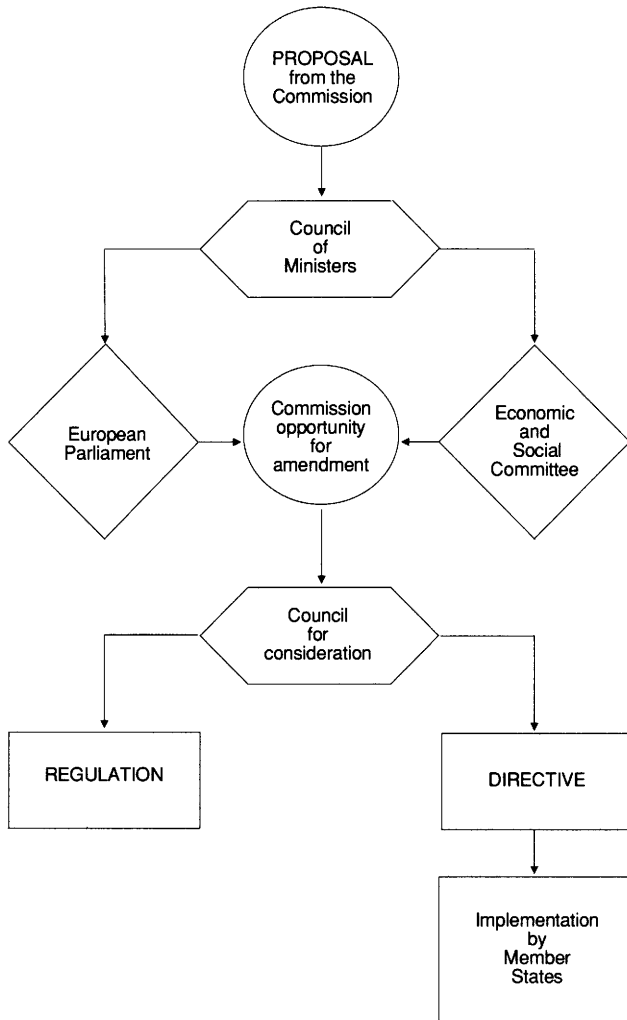
#### **Recommendations**

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

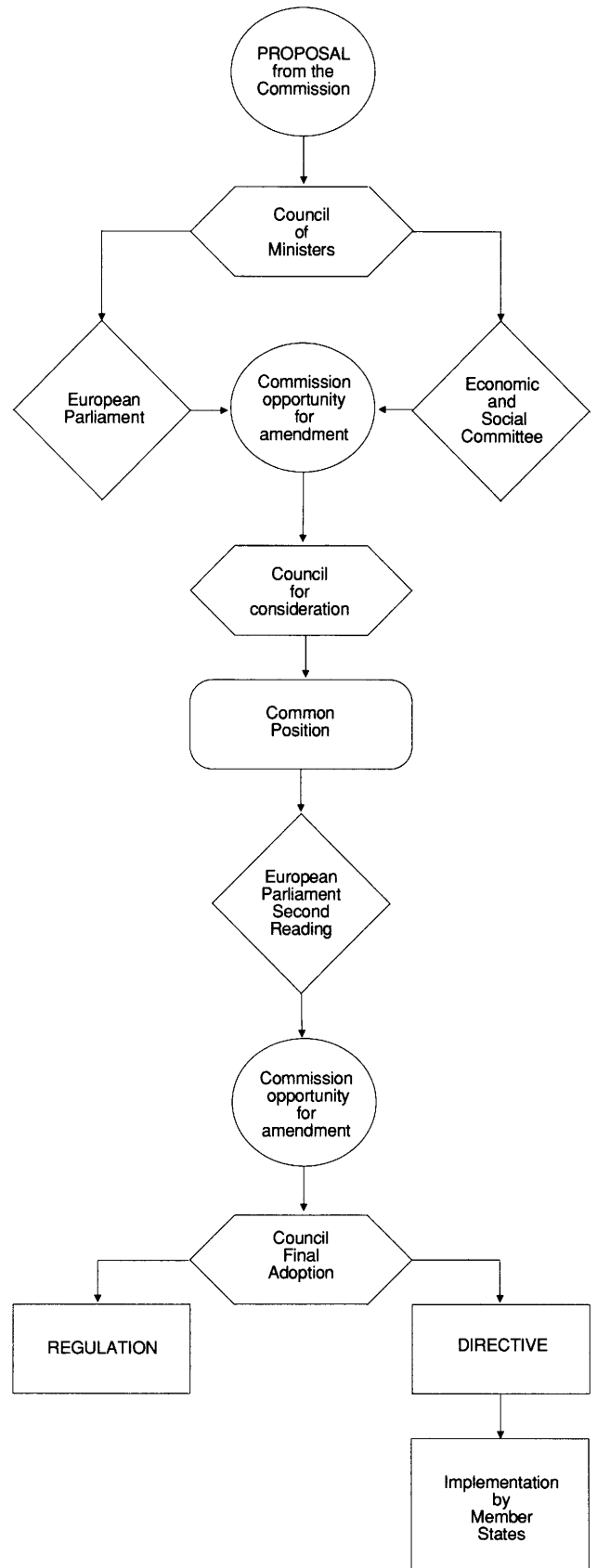
The majority of the measures included in this brochure are *Council Directives*.

## 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 1.7.87 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* summarised in this brochure. 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 brochure. Some *Council recommendations* are submitted to the European Parliament and the Economic and Social Committee for their opinion before adoption.

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### 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 brochure 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 15.3.88.

The Commission's 1985 White Paper "Completing the Internal Market" contains a legislative programme. In the course of carrying out this programme, certain proposals have been withdrawn and others have been added. Where the Commission has not yet submitted proposals listed in the programme, these are mentioned in the sector introduction.



# A COMMON MARKET FOR SERVICES

## INTRODUCTION

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## **INTRODUCTION**

### **WHY A COMMON MARKET FOR SERVICES?**

#### **1957 Treaty of Rome**

This was intended to create a single market across the European Community, with free movement of goods, persons, services and capital.

Although a customs union was established very quickly, many administrative barriers continued to exist which impeded the development of a genuine single market.

#### **1985 White Paper**

The continued maintenance of internal barriers perpetuated the costs and disadvantages of separate national markets for services.

The need for substantial further action was recognized; being free to establish a branch in another country has little meaning if local regulations there prevent it from operating on an equal footing with local competitors.

The Commission published a White Paper 'Completing the Internal Market' which listed over 300 legislative proposals and a timetable for their adoption; it was endorsed by the Heads of State and Government.

#### **1987 Single European Act**

This Act, which has modified the EEC treaty and had therefore to be ratified by the governments and parliaments of all Community countries, confirmed the objective of achieving a single European market by 1992 and the timetable of the 1985 White Paper. It adapted the Community's procedures for decision making, and increased the scope for a type of majority (as opposed to unanimous) voting in the Council of Ministers. The Single European Act should facilitate the adoption of the White Paper measures within this timeframe.

#### **1988 Current Situation**

About 40% of the necessary legislative proposals for 'Services' made by the Commission have been adopted. A further 40% are currently under consideration, and about 20% are still being drafted.

#### **1992 Single Market**

Deadline set by the 1985 White Paper for complete elimination of all obstacles to a genuine single market.

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## Services

The measures and proposals outlined in this brochure for financial, telecommunications and transport services and for free movement of labour are intended to increase competition, efficiency and the choice available to individuals and business users in a single European market.

The field of services is an essential area in the economic and industrial development of the Community; the objective sought within the frame of completing the internal market is not only to ensure development in this sector (in itself a creator of employment) but, most of all to guarantee the accessibility of services to industry 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, transportation, information technology, capital movements and the free movement of the professions. These are the areas in which the benefit of cross-border services is held up by the genuine concerns of the Member States for the protection of consumers and the regulation of national 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 their own right (7% of Community GDP) and because of their role in oiling the wheels of the competitive market economy. Financial services have not benefited to the same extent as manufactured goods in progress towards dismantling barriers to trade between the Member States, but it is clear that the benefits of the integrated market should apply in the financial services sector as much as any other.

In such an increasingly globally organized financial market it is essential that Europe becomes an efficient and liberal market place, 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 health of the manufacturing sector that the financial sector should also be as competitive as possible.

The general approach on financial services is very closely linked to the programme of liberalization of 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 be no restrictions on capital transfers and no discrimination in the form of, for example, fiscal 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 continue even after exchange controls are fully removed. Common rules for the supervision of financial operators are being drawn up to ensure that business does not migrate to centres where supervision is most lax. 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 financing 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:

- 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 of each Member State
- based on the first two points, *home country control* and supervision of financial institutions which wish to operate in another Member State.

Once the programme of legislation, 22 items in all, is adopted, a series of guide-lines for the completion of the Internal Market in financial services will be in place. This will provide equal access for all participants. Business will then be free to make the best use of the resulting opportunities.

## Transport

The transport market is characterized at the international level by quotas and other restrictions. The costs to importers and exporters which arise from insufficient competition in this market impede the growth and integration of the European economy. To remedy this unsatisfactory situation and give European suppliers and users of transport services a genuine common market, the Community has adopted a two-phase approach applicable to 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.

The adoption of these measures will permit:

- the elimination of the border control of the current bilateral quotas in transport
- the possibility for a transport 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. As well as proposals for cross-frontier broadcasting and information services, the Community is concerned to achieve European standards for advanced equipment. The fragmentation of the Community into separate national markets as a result of varying technical requirements reduces the scope for economies of scale, multiplies the costs of obtaining type approvals, and renders less attractive research on a scale sufficient to sustain Europe's competitiveness in international markets.

## Labour and the Professions

The Community has already achieved much 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.

On the one hand, there are general obstacles such as the taxation problems faced by frontier workers and the administrative problems faced by non-employed citizens of a Member State who wish to take up residence in another Member State. The White Paper includes appropriate measures to resolve these problems.

On the other hand, there are obstacles specific to certain regulated professions. These involve the recognition of foreign qualifications. The Community has tackled these obstacles in one of two ways:

- *harmonization* of professional training as with the medical professions, who have the right to establish and practice these services throughout the Community because of harmonized educational systems
- through a general system of *mutual recognition* by the Member States of each other's higher education diplomas. The Commission is already introducing this principle in certain professions, in particular architects and hairdressers.



## 1. BANKING

### CURRENT PROBLEMS AND 1992 OBJECTIVES

- All Member States regulate access to this crucial sector and supervise its operations, but controls differ between the States.
- A bank based in one Member State wishing to establish branches in the others currently needs authorization from eleven different supervising authorities, each with their own conditions for granting authorization and for subsequent supervision.
- To overcome these obstacles the Commission has adopted a three-faceted approach:
  - *essential harmonization* of law and practice, across Member States, for capital requirements, standards of experience and repute for management, monitoring solvency and liquidity, prevention of over-lending to individual borrowers, forms and contents of published accounts
  - *mutual recognition* by the national supervisory authorities of the controls operated by each other will follow this harmonization, and
  - *home country control*, through coordination of national supervisory activities, will mean that a bank operating in other Member States will be controlled by the authorities in its home base.

At the heart of these proposals is the *single banking licence*; this will enable banks licensed in one country to establish branches and provide cross-frontier services throughout the Community. Licenses for banks based outside the Community will be based on the principle of *reciprocity*. The non-Community bank will have similar rights within the Community to those enjoyed by Community-based banks operating in that non-member country.

- The nine measures and proposals which have already been tabled and are summarized in this section aim to bring about this approach:
  - Summary 1.1 defines certain specialized credit institutions which are exempt from the approach
  - Summary 1.2 the proposal for the Second Banking Directive, defines the framework for the approach
  - Summary 1.3 - 1.9 define the essential elements of the approach.
- In addition, the Commission will produce in 1988 a further proposal which will cover harmonization of solvency ratios.
- These proposals refer to two types of institutions:
  - The business of a *credit institution* is to receive deposits from the public and to grant credit on its own account (eg a bank)
  - If an institution is not a *credit institution*, but its principle activity is to grant credit or make investments it is a *financial institution*.







## 1. BANKING

### 1.1 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>                                     | <b>Council Directive 86/524/EEC of 27 October 1986</b> 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>    | 31.12.86  |
| 5) <i>Application date (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>Date for further coordinating proposal (if specified)</i> |   |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 309, 4.11.86</span>   |



## 1. BANKING

### 1.2 Taking-up and pursuit of banking activities

- 1) *Objective*
- The promotion of a single market for banking through
- *sufficient harmonization* of essential supervisory rules, which will support
  - *mutual recognition* of each national supervisory authorities competence and rules, which will result in
  - *home country control* by the supervisory authority in the home Member State. This will enable a bank authorized in one Member State to operate in all the others without further authorization in the latter.
- 2) *Proposal*
- Proposal** for a Second Council Directive 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 harmonized minimum initial capital of 5 million ECU. This is a condition for the grant of a banking authorization.
  2. Introduction of the requirement that applicants for banking authorization inform the authorities of the identity of anyone who can exercise a significant influence over the applicants. This includes direct and indirect shareholders and members who hold more than 10% of the capital or of the voting rights of the applicants or in some other way can exercise a significant influence. Appraisal of their suitability by the authorities.
  3. Introduction of a single banking licence. This will permit a branch to be opened in another Member State without authorization by the host Member State and without the need for separate endowment capital. Transitionally, the required branch endowment capital shall not exceed 50% of the initial 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 requested for a subsidiary of the parent company of a credit institution authorized in another Member State, when authorization is requested for an undertaking controlled by persons who already control a credit institution authorized in another Member State.
  5. Introduction of a procedure for reciprocal treatment in non-EEC countries. The authorization of a subsidiary of a non-EEC firm or the acquisition by a non-EEC firm of a participation in an EEC credit institution may be conditional on reciprocal treatment of EEC credit institutions in the non-EEC country in question.
  6. Harmonization of conditions relating to the pursuit of banking activities: maintenance of initial capital; reporting requirements and control powers in respect of the acquisition of participations in credit institutions; existence of administrative, accounting and internal control systems permitting the monitoring of liquidity and solvency, the control of large exposures.

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7. Prohibition on credit institutions investing more than 10% of their own funds in an undertaking which is neither a credit institution, a financial institution, or an undertaking carrying on an activity which is an extension of or ancillary to banking. Prohibition on such investments cumulatively exceeding 50% of a credit institution's *own funds*. Member States may permit these limits to be exceeded if the investments in question are deducted in calculating *own funds*.

8. 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 anywhere in the EEC through branches or by the provision of services without a branch. *Core* banking activities 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
- participation 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
- whose commitments are generated by the owners.

9. Allocation of supervisory functions between home and host country authorities. Home country has overall responsibility, host country supervises liquidity of branches on its territory. Exchanges of information and coordination in cases of non-compliance with authorizations.

4) *Opinion of the European Parliament*

Not yet given.

5) *Current status*

The proposal was submitted to the Council on 16.2.88. The European Parliament and the Economic and Social Committee will have to prepare opinions.

6) *References*

Commission Proposal

Official Journal C 84, 31.3.88

European Parliament  
Opinion

Economic and Social  
Committee Opinion

## 1. BANKING

### 1.3 Annual accounts of banks

1) <i>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.	
2) <i>Community measure</i>	<b>Council Directive 86/635/EEC of 8 December 1986</b> on the annual accounts and consolidated accounts of banks and other financial institutions.	
3) <i>Contents</i>	<p>1. The Directive applies to most credit institutions (eg banks) and other financial institutions with a few exceptions including Greece ETEBA (National Investment Bank for Industrial Development) Ireland Industrial and Provident Societies.</p> <p>2. Standard balance sheet layout. Assets and liabilities are presented in decreasing order of liquidity.</p> <p>3. Special provisions for certain balance sheet items such as cash in hand, treasury bills, debt securities, amounts owed to credit institutions etc.</p> <p>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.</p> <p>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.</p> <p>6. Valuation rules for assets, fixed financial assets, debt securities, transferable securities, loans and advances, variable-yield securities, and foreign exchange assets and liabilities.</p> <p>7. Detailed list of the required contents of the notes to the accounts.</p> <p>8. Separate provisions relating to the drawing up of consolidated accounts.</p> <p>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 its administrative cost.</p> <p>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.</p>	
4) <i>Deadline for implementing Member State legislation</i>	31.12.90	
5) <i>Application date (if different from 4)</i>	1.1.93	
6) <i>Date for further coordinating proposal (if specified)</i>	1.1.98 (if considered necessary).	
7) <i>References</i>	Council Adoption	Official Journal L 372, 31.12.86



## 1. BANKING

### 1.4 Annual accounts of foreign branches of banks

- |  |  |                     |                                 |                             |                                  |                                       |                                  |
|--|--|---------------------|---------------------------------|-----------------------------|----------------------------------|---------------------------------------|----------------------------------|
| 1) <i>Objective</i>                          | To remove the need for foreign branches of banks and other financial institutions to publish separate annual accounts, so that they are treated the same way as branches of domestic financial institutions.   |                     |                                 |                             |                                  |                                       |                                  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents.   |                     |                                 |                             |                                  |                                       |                                  |
| 3) <i>Contents</i>                           | <p>1. The Directive applies to all EEC branches of financial institutions which have their head offices outside the Member State where the branch is established.</p> <p>2. Documents 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. However, Member States may require branches to publish further information such as details of the profit and loss or of the activities of the branch.</p> <p>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 do not conform to EEC accounting requirements, Member States may require full branch accounts.</p> <p>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.</p> |                     |                                 |                             |                                  |                                       |                                  |
| 4) <i>Opinion of the European Parliament</i> | The Parliament suggested amendments to the proposal.   |                     |                                 |                             |                                  |                                       |                                  |
| 5) <i>Current status</i>                     | The proposal is now before the Council for the adoption of a common position.  |                     |                                 |                             |                                  |                                       |                                  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td>Official Journal C 230, 11.9.86</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 345, 21.12.87</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 319, 30.11.87</td> </tr> </table>  | Commission Proposal | Official Journal C 230, 11.9.86 | European Parliament Opinion | Official Journal C 345, 21.12.87 | Economic and Social Committee Opinion | Official Journal C 319, 30.11.87 |
| Commission Proposal                          | Official Journal C 230, 11.9.86  |                     |                                 |                             |                                  |                                       |                                  |
| European Parliament Opinion                  | Official Journal C 345, 21.12.87   |                     |                                 |                             |                                  |                                       |                                  |
| Economic and Social Committee Opinion        | Official Journal C 319, 30.11.87   |                     |                                 |                             |                                  |                                       |                                  |





## 1. BANKING

### 1.5 Reorganization and winding up of credit institutions

- 1) *Objective* To lay down measures concerning the reorganization and winding-up of credit institutions (eg 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; eg 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; eg 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; eg 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* 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.

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<i>5) Current status</i>	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 first examination.	
<i>6) References</i>	Commission Proposal	Official Journal C 356, 31.12.85
	Amended Proposal	Official Journal C 36, 8.2.88
	European Parliament Opinion	Official Journal C 99, 13.4.87
	Economic and Social Committee Opinion	Official Journal C 236, 20.10.86

## 1. BANKING

### 1.6 Own funds

- 1) *Objective* 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) *Proposal* **Proposal** for a Council Directive on the own funds of credit institutions.
- 3) *Contents*
  1. *Own funds* should consist of *internal* and *external* elements.
  2. The *internal* elements are defined as paid up capital plus share premium account but less holdings of own shares, reserves less amounts allocated to cover general banking risks, revaluation reserves and, under certain conditions, other elements at the free disposal of the credit institution and recognized by the Member State in question as *own funds*.
  3. The *external* elements are those funds which are placed at the disposal of a credit institution but are not under the full ownership and control of it, or are put at the disposal of the credit institution only for a limited period. They can only be included in *own funds* up to a certain amount not exceeding 50% of *internal* elements.
  4. Discretion is given to the Member States to apply more restrictive concepts of *own funds*.
  5. Procedure for updating the Directive within three years of its adoption.
- 4) *Opinion of the European Parliament* The Parliament approved the Directive subject to a number of recommendations for amendment. Certain of these, relating to the *internal* elements of own funds, have been incorporated in the amended proposal.
- 5) *Current status* An amended proposal is now before the Council for preparation of a common position which will be put before the European Parliament for a second reading.
- 6) *References*
- |                                       |                                 |
|---------------------------------------|---------------------------------|
| Commission Proposal                   | Official Journal C 243, 27.9.86 |
| Amended Proposal                      | Official Journal C 32, 5.2.88   |
| European Parliament Opinion           | Official Journal C 246, 14.9.87 |
| Economic and Social Committee Opinion | Official Journal C 180, 8.7.87  |



## 1. BANKING

### 1.7 Deposit guarantee schemes

1) <i>Objective</i>	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) <i>Community measure</i>	<b>Commission Recommendation 87/63/EEC of 22 December 1986</b> concerning the introduction of deposit guarantee schemes in the Community.
3) <i>Contents</i>	<ol style="list-style-type: none"> <li>1. Minimum requirements for existing deposit guarantee schemes; eg criteria for compensation.</li> <li>2. Member States with plans for introducing schemes should check that the minimum requirements are met and adopt schemes by 31.12.88.</li> <li>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 1.1.90.</li> </ol>
4) <i>Deadline for implementing Member State legislation</i>	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) <i>Application date (if different from 4)</i>	Not applicable.
6) <i>Date for further coordinating proposal (if specified)</i>	Not applicable.
7) <i>References</i>	Commission Adoption <span style="float: right;">Official Journal L 33, 4.2.87</span>



## 1. BANKING

### 1.8 Large exposures

1) <i>Objective</i>	To promote the harmonization of the supervision of <i>large exposures</i> , ie where a large proportion of the loans of a credit institution (eg a bank) are to a single client or group of related clients.
2) <i>Community measure</i>	<b>Commission Recommendation 87/62/EEC of 22 December 1986</b> on monitoring and controlling large exposures of credit institutions.
3) <i>Contents</i>	<ol style="list-style-type: none"> <li>1. A <i>large exposure</i> to a client or group of connected clients is defined as 15% or more of a credit institution's <i>own funds</i>.</li> <li>2. Credit institutions may not incur an exposure to a single client or group of clients of over 40% of <i>own funds</i>.</li> <li>3. Aggregate large exposures may not exceed 800% of <i>own funds</i>.</li> <li>4. Large exposures must be reported to the regulatory authorities at least once a year.</li> <li>5. Special provisions for EEC branches of third country banks when they are subject to bilateral agreements.</li> <li>6. Exchanges of information between Member States.</li> <li>7. Provision concerning supply of information for controlling <i>large exposures</i>. Member States must ensure that there are no legal barriers to the supply of relevant information between participating credit institutions.</li> </ol>
4) <i>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.
5) <i>Application date (if different from 4)</i>	Not applicable.
6) <i>Date for further coordinating proposal (if specified)</i>	Not applicable.
7) <i>References</i>	Commission Adoption                      Official Journal L 33, 4.2.87





## 1. BANKING

### 1.9 Mortgage credit

- 1) *Objective* To remove obstacles to the provision of mortgage credit across frontiers and to improve the cooperation between supervisory bodies in the Member States.
- 2) *Proposal* **Proposal** for a Council Directive on the freedom of establishment and the free supply of services in the field of mortgage credit.
- 3) *Contents*
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. Obligations 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.
- 4) *Opinion of the European Parliament* 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.
- 5) *Current status* The amended proposal is now before the Council, part of this proposal has been taken over by the proposal for a second banking coordination directive (summary 1.2). Discussions are preceding 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 it has received the view of the Council at the end of its first examination.
- 6) *References*
- |                                       |                                  |
|---------------------------------------|----------------------------------|
| Commission Proposal                   | Official Journal C 42, 14.2.85   |
| Amended Proposal                      | Official Journal C 161, 19.6.87  |
| European Parliament Opinion           | Official Journal C 76, 23.3.87   |
| Economic and Social Committee Opinion | Official Journal C 344, 31.12.85 |



## 2. INSURANCE

### CURRENT PROBLEMS AND 1992 OBJECTIVES

- The European Community already has a body of legislation coordinating national laws on the establishment and operation of insurance companies. These coordinated laws cover such aspects as the initial setting up of an insurance business and the opening of branches and agencies as well as subsequent supervision of, for example, 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.
- As discussed in the introduction (page 1), 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 controls operated by each other
  - *home country control*, through coordination of national supervisory activities, will mean that any insurance company operating in several Member States will be controlled by the authorities in its home base, except for consumer protection purposes in specified cases.
- The proposals distinguish between *mass risk* and *large risk* insurance; *mass risk* applies to policies for individuals whilst *large risk* applies to large firms.
- The distinction will be determined by the value of the insurance cover being obtained. The value of this threshold is still under discussion. National supervision and control is particularly important for ensuring consumer protection in *mass risk* business. This will necessitate some limited retention of host country control.
- This approach will remove the remaining obstacles to the provision of insurance services across frontiers whilst maintaining appropriate levels of supervision and protection of policy-holders.
- There will be two measures which define the framework for the general approach, one for non-life insurance (summary 2.4) and one for life insurance (which has yet to be tabled). There will then be a number of measures which define the essential elements of the approach, some of which apply to all insurance companies (eg format of accounts), whilst some are restricted to specific areas of insurance.
- In addition to the six proposals outlined in this brochure, the Commission will be producing proposals on the freedom to supply motor liability insurance services and on the freedom to supply life insurance services during 1988.





## 2. INSURANCE

### 2.1 The annual accounts of insurance companies

<i>1) Objective</i>	To adapt for insurance company accounts the 4th Directive of 25 July 1978 on the annual accounts of companies and the 7th 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.	
<i>2) Proposal</i>	<b>Proposal</b> for a Council Directive on the annual accounts and consolidated accounts of insurance undertakings.	
<i>3) Contents</i>	<ol style="list-style-type: none"> <li>1. The Directive applies to all insurance companies of firms except small mutual associations.</li> <li>2. Mandatory layout of the balance sheet.</li> <li>3. Mandatory layout of the profit and loss account.</li> <li>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.</li> <li>5. Required contents of the notes on the accounts, eg gross premiums broken down into categories of activity (accident and health, motor, fire etc.) and into geographical markets.</li> <li>6. Consolidated accounts to be drawn up similarly to annual accounts.</li> <li>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.</li> </ol>	
<i>4) Opinion of the European Parliament</i>	Not yet given.	
<i>5) Current status</i>	The proposal is currently before the European Parliament for its opinion.	
<i>6) References</i>	Commission Proposal	Official Journal C 131, 18.5.87
	European Parliament Opinion	
	Economic and Social Committee Opinion	Official Journal C 319, 30.11.87



## 2. INSURANCE

### 2.2 The winding up of insurance companies

- |  |  |                     |                                |                             |  |                                       |  |
|--|--|---------------------|--------------------------------|-----------------------------|--|---------------------------------------|--|
| 1) <i>Objective</i>                          | To harmonize Member State provisions concerning the compulsory winding up of insurance companies.  |                     |                                |                             |  |                                       |  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding up of direct insurance undertakings.   |                     |                                |                             |  |                                       |  |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. Obligations on insurance companies to keep registers of assets. These cover representing technical reserves corresponding to direct insurance transactions and to reinsurance acceptances.</li> <li>2. Procedure for <i>normal</i> compulsory winding up. This will be carried out by the undertaking unless it does so unsatisfactorily in which case the Member State authority may appoint an administrator.</li> <li>3. Procedure for <i>special</i> compulsory winding up in the case of insolvency. This will be carried out by appointed liquidators under the supervision of the Member State authorities.</li> <li>4. Rules for the treatment of insurance creditors when winding up takes place and for the settlement of claims.</li> <li>5. This Directive applies to branches of non-Community insurance companies within the Community.</li> </ol> |                     |                                |                             |  |                                       |  |
| 4) <i>Opinion of the European Parliament</i> | Not yet given.   |                     |                                |                             |  |                                       |  |
| 5) <i>Current status</i>                     | The proposal is currently before the European Parliament and the Economic and Social Committee for their opinions.   |                     |                                |                             |  |                                       |  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td style="width: 50%;">Official Journal C 71, 19.3.87</td> </tr> <tr> <td>European Parliament Opinion</td> <td></td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td></td> </tr> </table>   | Commission Proposal | Official Journal C 71, 19.3.87 | European Parliament Opinion |  | Economic and Social Committee Opinion |  |
| Commission Proposal                          | Official Journal C 71, 19.3.87   |                     |                                |                             |  |                                       |  |
| European Parliament Opinion                  |  |                     |                                |                             |  |                                       |  |
| Economic and Social Committee Opinion        |  |                     |                                |                             |  |                                       |  |





## 2. INSURANCE

### 2.3 Insurance contracts

- 1) *Objective* To promote the cross-frontier provision of non-life insurance by coordinating laws concerning information in policies, cover, premiums, and the obligations of policy holders and insurers.
- 2) *Proposal* **Proposal** for a Council Directive on the coordination of laws, regulations and administrative provisions relating to insurance contracts.
- 3) *Contents*
  1. Required contents of the insurance contract document, eg 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 insurer as they occur during the cover period.
  4. Time limits and obligations relating to amendments to the insurance contract, eg 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, eg the policy holder shall take all reasonable steps to minimise the loss.
  7. Circumstances and conditions in which the contract may be renounced or terminated, eg when one of the parties has failed to fulfil an obligation.
- 4) *Opinion of the European Parliament* The European Parliament approved the Commission's proposal subject to a number of recommendations for amendment. The Commission adopted certain of these proposals but not others.
- 5) *Current status* The amended proposal is now 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 first examination.
- 6) *References*
- |                                       |                                  |
|---------------------------------------|----------------------------------|
| Commission Proposal                   | Official Journal C 190, 28.7.79  |
| Amended Proposal                      | Official Journal C 355, 31.12.81 |
| European Parliament Opinion           | Official Journal C 265, 13.10.80 |
| Economic and Social Committee Opinion | Official Journal C 146, 16.6.80  |



## 2. INSURANCE

### 2.4 "Non life" insurance: freedom to provide services

- 1) *Objective* To open up the various national markets so that insurance companies will have more freedom to conduct non-life business across frontiers. To ensure an appropriate level of supervision of insurance companies so that consumers are adequately protected.
- 2) *Proposal* **Proposal** for a second Council Directive on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the correct exercise of freedom to provide services.
- 3) *Contents*
1. There will be a distinction between *large risk* business where the insured are big commercial or industrial businesses and *mass risk* businesses where the insured are private individuals or smaller businesses.
  2. The distinction will be determined by the value of the insurance cover being obtained. The value of this threshold is still under discussion. In the case of large risk business, insurers will have considerable freedom to provide cross-frontier cover under the sole supervision of the authorities in the country where the company is situated (*home country control*).
  3. In the case of mass risk business where the smaller policy holder needs greater consumer protection the Member States may apply tighter controls including authorization of companies from other Member States (*host country control*).
  4. The Member States will be able to prevent a foreign insurance company operating in their territory from its home country if it has a local branch. This is to prevent excessive closure of local branches.
  5. Technical reserves to ensure that there are sufficient assets to meet claims will be calculated by the *home country* supervisory authorities for large risks and by *host country* authorities for mass risks.
  6. There will be rules determining the choice of the law governing insurance contracts. If the policy holder lives in the Member State where the risk is situated, the law of that country will apply. Otherwise, the parties may choose the applicable law.
  7. There will be special rules for compulsory insurance.
  8. Member States which levy a tax on premiums will only be able to do so if the insured risk is situated in their territory.
  9. The national authorities will cooperate to ensure proper supervision.
- 4) *Opinion of the European Parliament* The European Parliament approved the Commission's proposal but recommended several amendments. These included a proposal that the right of parties to choose the law applicable to their contract should be postponed until national laws on insurance contracts were coordinated, this occurring within a period of three years.
- 5) *Current status* The European Parliament has received a Council common position for review under the cooperation procedure.

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6) *References*

Commission Proposal

Official Journal C 32, 12.2.76

European Parliament  
Opinion

Official Journal C 36, 13.2.78

Economic and Social  
Committee Opinion

Official Journal C 204, 30.8.76

## 2. INSURANCE

### 2.5 Legal expenses insurance

1) <i>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.	
2) <i>Community measure</i>	<b>Council Directive 87/344/EEC of 22 June 1987</b> on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance.	
3) <i>Contents</i>	<p>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.</p> <p>2. Obligations on insurance undertakings to provide for a separate contract or a separate section of a single policy for legal expenses insurance.</p> <p>3. Obligations on insurance undertakings either</p> <p>(a) to have separate management for legal expenses insurance</p> <p>(b) to entrust the management of claims in respect of legal expenses insurance to an undertaking having separate legal identity, or</p> <p>(c) 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.</p> <p>4. In the case of disagreements between the insurer and the insured there must be a right to impartial arbitration.</p>	
4) <i>Deadline for implementing Member State legislation</i>	1.1.90	
5) <i>Application date (if different from 4)</i>	1.7.90	
6) <i>Date for further coordinating proposal (if specified)</i>		
7) <i>References</i>	Council Adoption	Official Journal L 185, 4.7.87



## 2. INSURANCE

### 2.6 Credit and suretyship insurance

- |   |   |
|---|---|
| 1) <i>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.  |
| 2) <i>Community measure</i>                                     | <b>Council Directive 87/343/EEC of 22 June 1987</b> 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.   |
| 3) <i>Contents</i>  | <ol style="list-style-type: none"> <li>1. Elimination of German specialist requirements.</li> <li>2. Obligation on Member States to require additional financial guarantees for credit insurance by underwriters. This will be achieved by setting up an <i>equalization reserve</i>. The reserve will allow any above average claims or technical deficit for one year to be offset against another year.</li> <li>3. Obligations on insurance firms to increase their reserves within a set period of time as a result of these amendments.</li> <li>4. Annex containing the four permitted methods of calculating the equalization reserve.</li> </ol> |
| 4) <i>Deadline for implementing Member State legislation</i>    | 1.1.90  |
| 5) <i>Application date (if different from 4)</i>                | 1.7.90  |
| 6) <i>Date for further coordinating proposal (if specified)</i> |   |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 185, 4.7.87</span>  |





### 3. TRANSACTIONS IN SECURITIES

#### CURRENT PROBLEMS AND 1992 OBJECTIVES

- If the Community is to become a single market, as opposed to a grouping of twelve national markets, a European securities market system has to be created to meet the needs of both investors and companies who go to the markets for capital and borrowings. Financial intermediaries authorized in one Member State shall be able to operate throughout the Community on the basis of a single licence given in their home Member State.
- The general approach to achieving the single market securities is common to that adopted in all areas of financial services, as discussed in the introduction (page 1).  
The three faceted approach consists of:
  - *harmonization* of essential standards
  - *mutual recognition* by the national supervisory authorities of the controls operated by each other in its home base
  - *home country control*, through coordination of national supervisory authorities will mean that any organization operating in several Member States will be controlled by the authorities in its home base.
- The Community has already made considerable progress in this direction. It has coordinated the conditions for admission of securities to official stock exchange listing, the contents, scrutiny and method of publication of the listing particulars and the publication of information by quoted companies. This has taken place in parallel with the achievements in the field of liberalization of capital movements as discussed in Section 6 of this brochure.
- However, a European system requires action on further aspects of the securities markets. The following topics are addressed in the 1992 timetable and summarized on the following pages:
  - collective investment undertakings for transferable securities, known as UCITS. This classification includes open ended mutual funds such as unit trusts
  - information on the acquisition and disposal of major holdings in listed companies
  - prospectuses 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.
- In addition, the Commission is due to issue a proposal on investment services in 1988.





### 3. TRANSACTIONS IN SECURITIES

#### 3.1 Stock exchange listing particulars

- 1) *Objective* To specify which authorities should check and approve stock-exchange particulars in cases where application for listing is made in more than one Member State. To provide for reciprocal agreements with non-EEC countries.
- 2) *Community measure* **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.
- 3) *Contents*
1. Where applications for stock exchange listings are made in two or more Member States, listing particulars shall 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.
- 4) *Deadline for implementing Member State legislation*
- |          |        |
|----------|--------|
| Portugal | 1.1.92 |
| Spain    | 1.1.91 |
| Others   | 1.1.90 |
- 5) *Application date (if different from 4)*
- 6) *Date for further coordinating proposal (if specified)*
- 7) *References* Council Adoption Official Journal L 185, 4.7.87



### 3. TRANSACTIONS IN SECURITIES

#### 3.2 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) *Proposal* **Proposal** for a Council Directive coordinating the requirements for the drawing up, scrutiny and distribution of the prospectuses to be published when securities are offered for subscription or sale to the public.
- 3) *Contents*
  1. The Directive applies to securities which are offered directly or indirectly by the issuer for subscription or sale to the public within one or more Member States. List of exceptions, eg open-ended collective investment undertakings (such as unit trusts), Eurobonds.
  2. Requirement for issuer to publish prospectus. Contents of the prospectus to include all information needed to make an informed financial assessment of the securities.
  3. Arrangements for scrutiny of the prospectus by the appointed authorities in Member States 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 within several Member States.
  5. Annex containing the three different layouts required in prospectuses for an offer for subscription or sale to the public of shares, debt securities, or certificates representing shares.
- 4) *Opinion of the European Parliament* The European Parliament approved the Commission's proposal subject to a number of recommendations for amendment. The Commission adopted some of these amendments but not all of them.
- 5) *Current status* The amended proposal is now 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 first examination.
- 6) *References*
- |                                       |                                  |
|---------------------------------------|----------------------------------|
| Commission Proposal                   | Official Journal C 355, 31.12.80 |
| Amended Proposal                      | Official Journal C 226, 31.8.82  |
| European Parliament Opinion           | Official Journal C 125, 17.5.82  |
| Economic and Social Committee Opinion | Official Journal C 310, 30.11.81 |





### 3. TRANSACTIONS IN SECURITIES

#### 3.3 Information on major share holdings

- |  |  |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
|--|--|---------------------|----------------------------------|------------------|---------------------------------|-----------------------------|---------------------------------|---------------------------------------|----------------------------------|
| 1) <i>Objective</i>                          | To coordinate policy on investor protection, with regard to publication of information about major share holdings.   |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.   |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| 3) <i>Contents</i>                           | <p>1. The Directive applies to persons who as owners acquire or dispose of major holdings in the subscribed capital of a company whose shares are officially listed on a stock exchange and is incorporated in a Member State.</p> <p>2. When a single shareholding goes above or falls below 10%, 20%, 33.33%, 50%, 66.66%, or 90% of the subscribed capital, the shareholder shall notify the company of the percentage he holds within 7 calendar days. The company must then publish this information.</p> <p>3. Rules for calculating the percentage share holdings, eg indirect holdings to be counted.</p> <p>4. Power of Member State authorities to exempt persons and companies from notification requirements where they consider that the disclosure of such information would be seriously harmful to the persons and companies involved.</p> |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament approved the Commission's proposal subject to a number of recommendations for amendment. The amended proposal incorporates most of these.  |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| 5) <i>Current status</i>                     | The amended proposal is being studied by 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 first examination.  |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 40px;">Commission Proposal</td> <td>Official Journal C 351, 31.12.85</td> </tr> <tr> <td>Amended Proposal</td> <td>Official Journal C 255, 25.9.87</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 125, 11.5.87</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 263, 20.10.86</td> </tr> </table>   | Commission Proposal | Official Journal C 351, 31.12.85 | Amended Proposal | Official Journal C 255, 25.9.87 | European Parliament Opinion | Official Journal C 125, 11.5.87 | Economic and Social Committee Opinion | Official Journal C 263, 20.10.86 |
| Commission Proposal                          | Official Journal C 351, 31.12.85   |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| Amended Proposal                             | Official Journal C 255, 25.9.87  |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| European Parliament Opinion                  | Official Journal C 125, 11.5.87  |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |
| Economic and Social Committee Opinion        | Official Journal C 263, 20.10.86   |                     |                                  |                  |                                 |                             |                                 |                                       |                                  |





### 3. TRANSACTIONS IN SECURITIES

#### 3.4 The regulation of insider trading

1) <i>Objective</i>	To prohibit insider dealings.	
2) <i>Proposal</i>	<b>Proposal</b> for a Council Directive coordinating regulations on insider trading.	
3) <i>Contents</i>	<p>1. <i>Inside information</i> is defined as information unknown to the public, of a specific nature and relating to one or more issuers of transferable securities or to one or more transferable securities which, if published, would be likely to have a material effect on prices.</p> <p>2. <i>Primary insiders</i> are persons who have acquired inside information in the course of their professional duties. They are prohibited from taking advantage of inside information to buy or sell on their territory, directly or indirectly, securities traded on their stock exchange market.</p> <p>3. The same prohibition applies to persons who have obtained inside information from a primary insider.</p> <p>4. Prohibition on disclosing inside information (except in the normal course of the professional activity) and on using the information to recommend buying or selling listed securities.</p> <p>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.</p> <p>6. Cooperation between national authorities.</p>	
4) <i>Opinion of the European Parliament</i>	Not yet given.	
5) <i>Current status</i>	The proposal is being considered by the European Parliament for its opinion.	
6) <i>References</i>	Commission Proposal	Official Journal C 153, 11.6.87
	European Parliament Opinion	
	Economic and Social Committee Opinion	Official Journal C 35, 8.2.88



### 3. TRANSACTIONS IN SECURITIES

#### 3.5 Collective investment undertakings (UCITS)

1) <i>Objective</i>	To coordinate national laws governing UCITS (eg 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.
2) <i>Community measure</i>	<b>Council Directive 85/611/EEC of 20 December 1985</b> on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).
3) <i>Contents</i>	<ol style="list-style-type: none"> <li>1. UCITS are undertakings whose sole object is the collective investment in transferable securities of capital raised from the public and the units of which are, at the request of the holders, re-purchased or redeemed out of the undertakings' assets.</li> <li>2. UCITS require authorization from the Member State in which it is situated. This authorization is valid for all Member States.</li> <li>3. The structure of UCITS. In particular obligations concerning their management, investment, and depositor companies.</li> <li>4. Obligations concerning the investment policies of UCITS; eg 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.</li> <li>5. Requirement to publish a prospectus, periodical reports, and information on sale price of the units.</li> <li>6. Special provisions applicable to UCITS which market their units in Member States other than those in which they are situated; eg a UCITS which markets its units in another Member State must comply with the laws in force in that State.</li> <li>7. Designation of authorities responsible for authorization and supervision within each Member State.</li> </ol>
4) <i>Deadline for implementing Member State legislation</i>	1.10.89 except for Greece and Portugal (1.4.92).
5) <i>Application date (if different from 4)</i>	
6) <i>Date for further coordinating proposal (if specified)</i>	1.4.91 if it is necessary to extend postponement of the Directive in Greece and Portugal.
7) <i>References</i>	Council Adoption <span style="float: right;">Official Journal L 375, 31.12.85</span>





### 3. TRANSACTIONS IN SECURITIES

#### 3.6 Special measures for certain investments by UCITS

- |  |   |                     |                                 |                             |                                 |                                       |                                  |
|--|---|---------------------|---------------------------------|-----------------------------|---------------------------------|---------------------------------------|----------------------------------|
| 1) <i>Objective</i>                          | To enable unit trusts and comparable bodies treat certain privately issued bonds as offering similar security to state guaranteed bonds.  |                     |                                 |                             |                                 |                                       |                                  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive amending Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as far as concerns the investment policy of certain UCITS.   |                     |                                 |                             |                                 |                                       |                                  |
| 3) <i>Contents</i>                           | <p>1. Amendments to be added to Directive 85/611/EEC (summary 3.5) to extend the maximum proportion of its assets that a UCITS may invest in transferable securities issued by a single body. This is increased from 5% to 35% where these securities offer investors, by virtue of the special rules and regulations governing them in the Member State of issue, guarantees equivalent to securities issued or guaranteed by a Member State, its local authorities, a non-Member State, or public international bodies of which one or more Member States are Members.</p> <p>2. The Member States will draw up the list of bonds which they wish to treat as equivalent to State bonds mentioned above.</p> <p>3. Permitted conditions under which UCITS may be authorized to invest its assets in units issued by other UCITS, eg both UCITS must be managed by the same management company.</p> <p>4. Exchanges of information on these matters between the Member States shall be forwarded through the Commission.</p> |                     |                                 |                             |                                 |                                       |                                  |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament approved the proposal.  |                     |                                 |                             |                                 |                                       |                                  |
| 5) <i>Current status</i>                     | The Council has adopted a common position on 16.11.87 which has been transmitted to the European Parliament within the framework of the cooperation procedure. After the vote in Parliament the proposal will again be discussed by the Council.  |                     |                                 |                             |                                 |                                       |                                  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 40px;">Commission Proposal</td> <td>Official Journal C 155, 21.6.86</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 125, 11.5.87</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 333, 29.12.86</td> </tr> </table>   | Commission Proposal | Official Journal C 155, 21.6.86 | European Parliament Opinion | Official Journal C 125, 11.5.87 | Economic and Social Committee Opinion | Official Journal C 333, 29.12.86 |
| Commission Proposal                          | Official Journal C 155, 21.6.86   |                     |                                 |                             |                                 |                                       |                                  |
| European Parliament Opinion                  | Official Journal C 125, 11.5.87   |                     |                                 |                             |                                 |                                       |                                  |
| Economic and Social Committee Opinion        | Official Journal C 333, 29.12.86  |                     |                                 |                             |                                 |                                       |                                  |





## 4. TRANSPORT

### 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, thirty 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 on the following pages:
  - Summary 4.1 - 4.4 in 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 in 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 in 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;
  - Summary 4.7 - 4.11 in 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. In 1989 there will be a revision of the Directives on air services and fares, passenger capacity and market access. A further proposal on air crew qualifications is planned for 1988.
- 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.





## 4. TRANSPORT

### 4.1 Carriage of goods by road: international carriage

- |  |  |                     |                                |                  |                                |                             |                    |                                       |   |
|--|--|---------------------|--------------------------------|------------------|--------------------------------|-----------------------------|--------------------|---------------------------------------|---|
| 1) <i>Objective</i>                          | To move towards common road transport markets between Member States, at the same time ensuring the implementation of freedom to provide services, the abolition of unnecessary and costly restrictions, fair competition and minimum disturbance to the market.  |                     |                                |                  |                                |                             |                    |                                       |   |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Regulation on access to the market for the carriage of goods by road between Member States.  |                     |                                |                  |                                |                             |                    |                                       |   |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. The regulation applies to the paid carriage of goods by road through any Member State by means of a motor vehicle registered in a Member State.</li> <li>2. Methods for calculating quotas of authorizations for licences allocated to Member States: 11,475 authorizations in 1987 with 40% increases in 1988, 1989, 1990 and 1991.</li> <li>3. Details of Community authorizations; activities authorized, validity for one calendar year, the vehicles to which authorizations apply, standard form.</li> <li>4. Reporting requirements of the Member States in the form of statistical information about the number of journeys made, distance travelled, tonnage carried etc.</li> <li>5. Contingency plan for dealing with serious disturbances to the market.</li> <li>6. Introduction of qualitative criteria for hauliers; eg they must satisfy the conditions governing admission to the occupation of road haulage operator, not have been convicted of repeated infringements of the rules concerning driving periods or the highway code.</li> <li>7. Provisions for organization of the market after 1.1.92 when Community and bilateral quotas will be abolished and replaced by qualitative criteria.</li> <li>8. Details of distribution of licences by competent authorities in Member States.</li> <li>9. Annexes I to VII containing sample Community authorization documents, record sheets, and the method of calculating how much use is being made of current Community authorizations.</li> </ol> |                     |                                |                  |                                |                             |                    |                                       |   |
| 4) <i>Opinion of the European Parliament</i> | The Parliament requested several amendments to take into account bilateral quotas, and to have yearly decisions about the increase of the Community quota.   |                     |                                |                  |                                |                             |                    |                                       |   |
| 5) <i>Current status</i>                     | The amended proposal is now before the Council for examination and adoption.   |                     |                                |                  |                                |                             |                    |                                       |   |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Commission Proposal</td> <td>Official Journal C 65, 12.3.87</td> </tr> <tr> <td>Amended Proposal</td> <td>Official Journal C 25, 30.1.88</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Not yet published.</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 232, 31.8.87<br/>Official Journal C 333, 29.12.86</td> </tr> </table>   | Commission Proposal | Official Journal C 65, 12.3.87 | Amended Proposal | Official Journal C 25, 30.1.88 | European Parliament Opinion | Not yet published. | Economic and Social Committee Opinion | Official Journal C 232, 31.8.87<br>Official Journal C 333, 29.12.86 |
| Commission Proposal                          | Official Journal C 65, 12.3.87   |                     |                                |                  |                                |                             |                    |                                       |   |
| Amended Proposal                             | Official Journal C 25, 30.1.88   |                     |                                |                  |                                |                             |                    |                                       |   |
| European Parliament Opinion                  | Not yet published.   |                     |                                |                  |                                |                             |                    |                                       |   |
| Economic and Social Committee Opinion        | Official Journal C 232, 31.8.87<br>Official Journal C 333, 29.12.86  |                     |                                |                  |                                |                             |                    |                                       |   |



## 4. TRANSPORT

### 4.2 Carriage of goods by road: non-resident carriers in the national market

- |  |  |                     |                                  |                             |                                  |                                       |                                |
|--|--|---------------------|----------------------------------|-----------------------------|----------------------------------|---------------------------------------|--------------------------------|
| 1) <i>Objective</i>                          | To realise 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.  |                     |                                  |                             |                                  |                                       |                                |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Regulation laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State.  |                     |                                  |                             |                                  |                                       |                                |
| 3) <i>Contents</i>                           | <p>1. International hauliers established in one Member State may temporarily carry out national road haulage operations in another Member State without first having to set up a registered office in that Member State.</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. Applicability of laws and regulations of Member States to non-resident carriers.</p> <p>4. International hauliers established in one Member State may carry out national transport operations in a different Member State subject to certain strict conditions, eg the national operation must follow on from an international haulage operation.</p> |                     |                                  |                             |                                  |                                       |                                |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament considered the proposal and suggested amendments for the gradual introduction of the Regulation before 1992.   |                     |                                  |                             |                                  |                                       |                                |
| 5) <i>Current status</i>                     | The Council is presently examining the proposal.   |                     |                                  |                             |                                  |                                       |                                |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 40px;">Commission Proposal</td> <td>Official Journal C 349, 31.12.85</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 255, 13.10.86</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 180, 8.7.87</td> </tr> </table>  | Commission Proposal | Official Journal C 349, 31.12.85 | European Parliament Opinion | Official Journal C 255, 13.10.86 | Economic and Social Committee Opinion | Official Journal C 180, 8.7.87 |
| Commission Proposal                          | Official Journal C 349, 31.12.85   |                     |                                  |                             |                                  |                                       |                                |
| European Parliament Opinion                  | Official Journal C 255, 13.10.86   |                     |                                  |                             |                                  |                                       |                                |
| Economic and Social Committee Opinion        | Official Journal C 180, 8.7.87   |                     |                                  |                             |                                  |                                       |                                |



## 4. TRANSPORT

### 4.3 Carriage of passengers by road: international carriage

- |  |   |                     |                                |                             |  |                                       |  |
|--|---|---------------------|--------------------------------|-----------------------------|--|---------------------------------------|--|
| 1) <i>Objective</i>                          | To establish common rules governing the international carriage of passengers by road and to facilitate border crossing.   |                     |                                |                             |  |                                       |  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> 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"> <li>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.</li> <li>2. Definitions of <i>regular services</i>, <i>shuttle services</i>, and <i>occasional services</i>.</li> <li>3. Permission for Community carriers to operate passenger transport services without discrimination on the grounds of nationality (provided it is a Community nationality).</li> <li>4. Control documents required from transport companies for occasional services. Abolition of the need to carry a list of passengers.</li> <li>5. Shuttle services: scope, procedure for the application and issue of authorizations.</li> <li>6. Regular services: scope, procedure for the application and issue of authorizations.</li> <li>7. Control procedures and penalties; eg travel documents must be supplied to passengers, transport operators must allow inspections, authorization may be withdrawn for breaches of the Regulation.</li> <li>8. Transitional and final provisions regarding the implementation of measures required by this Regulation.</li> </ol> |                     |                                |                             |  |                                       |  |
| 4) <i>Opinion of the European Parliament</i> | Not yet published. Given 10.3.88.   |                     |                                |                             |  |                                       |  |
| 5) <i>Current status</i>                     |   |                     |                                |                             |  |                                       |  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td style="width: 50%;">Official Journal C 120, 6.5.87</td> </tr> <tr> <td>European Parliament opinion</td> <td></td> </tr> <tr> <td>Economic and Social Committee opinion</td> <td></td> </tr> </table>  | Commission Proposal | Official Journal C 120, 6.5.87 | European Parliament opinion |  | Economic and Social Committee opinion |  |
| Commission Proposal                          | Official Journal C 120, 6.5.87  |                     |                                |                             |  |                                       |  |
| European Parliament opinion                  |   |                     |                                |                             |  |                                       |  |
| Economic and Social Committee opinion        |   |                     |                                |                             |  |                                       |  |



#### 4. TRANSPORT

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

- 1) *Objective* To enable non-resident carriers to have the freedom to provide national passenger transport services within a Member State.
  
- 2) *Proposal* **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.
  
- 3) *Contents*
  - 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 1.1.89.
  - 3. The benefit in (2) is reserved to carriers who fulfil certain strict nationality restrictions 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 States in which the transport services are operated.
  
- 4) *Opinion of the European Parliament* Not yet published. Given 10.3.88.
  
- 5) *Current status* The proposal is currently before the Council for examination and adoption.
  
- 6) *References*

Commission Proposal	Official Journal C 77, 24.3.87	
European Parliament Opinion		
Economic and Social Committee Opinion		





## 4. TRANSPORT

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

- 1) *Objective* To lay down the conditions under which non-resident carriers may have freedom to operate inland waterways transport services within a Member State.
- 2) *Proposal* **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.
- 3) *Contents*
  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 1.1.88.
  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.
  3. Non-resident carriers are governed by the laws and regulations of the Member States in which those transport services are operated.
- 4) *Opinion of the European Parliament* The Parliament approved the proposal in principle, but stressed the difficulties in operating the proposed provisions.
- 5) *Current status* The proposal is currently before the Council for examination and adoption.
- 6) *References*
- |                                       |                                  |
|---------------------------------------|----------------------------------|
| Commission Proposal                   | Official Journal C 331, 20.12.85 |
| European Parliament Opinion           | Official Journal C 255, 13.10.86 |
| Economic and Social Committee Opinion | Official Journal C 328, 22.12.86 |



## 4. TRANSPORT

### 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 measures* **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.
- Regulation 4055**
1. The Regulation gives Member States 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 1.1.93, with intermediate stages at 31.12.89 and 31.12.91.
  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 4056**
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 4057**

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, eg 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 4058**

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 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, counter-measures directed at 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.



<i>5) Application date (if different from 4)</i>	Regulation 4055	1.1.87
	Regulation 4056	1.7.87
	Regulation 4057	1.7.87
	Regulation 4058	1.7.87
<i>6) Date for further coordinating proposal (if specified)</i>	Regulation 4055	Council shall review by 1.1.95
<i>7) References</i>	Council Adoption	Official Journal L 378, 31.12.86



## 4. TRANSPORT

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

1) <i>Objective</i>	To promote greater competition and efficiency in the air transport sector by improving access to routes and regulating arrangements for capacity sharing.	
2) <i>Community measure</i>	<b>Council Decision 87/602/EEC of 14 December 1987</b> 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.	
3) <i>Contents</i>	<p>1. The Decision regulates</p> <ul style="list-style-type: none"> <li>- the sharing of passenger capacity between air carriers in different Member States</li> <li>- access of Community carriers to routes between Member States on which they do not already operate.</li> </ul> <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 <i>third</i> and <i>fourth freedom</i> carriers are allowed to adjust their respective shares provided that the split remains within the range 55:45. The <i>third freedom</i> 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 <i>fourth freedom</i> is the right to pick up on a homeward journey.</p> <p>4. Member States shall follow <i>multiple designation acceptance requirements</i> 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 <i>multiple designations</i> 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, eg 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 <i>fifth-freedom</i> rights within the EEC for Community air carriers provided they meet certain conditions, eg it is operated as an extension from, or as a preliminary service to its State of registration. The <i>fifth freedom</i> is the right to carry passengers, freight and mail between any two States other than the State of registration.</p>	
4) <i>Deadline for implementing Member State legislation</i>	31.12.87	
5) <i>Application date (if different from 4)</i>	1.1.88	
6) <i>Date for further coordinating proposal (if specified)</i>	1.11.89 at the latest 30.6.90 at the latest	(Commission Proposal) (Council Decision)
7) <i>References</i>	Council Adoption	Official Journal L 374, 31.12.87





## 4. TRANSPORT

### 4.8 Inter-regional air services: review

- |  |  |                     |                                 |                             |  |                                       |                                 |
|--|--|---------------------|---------------------------------|-----------------------------|--|---------------------------------------|---------------------------------|
| 1) <i>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).  |                     |                                 |                             |  |                                       |                                 |
| 2) <i>Proposal</i>                           | <b>Proposal</b> 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.  |                     |                                 |                             |  |                                       |                                 |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. Amendment of the original 1983 directive to include long haul services and to introduce easier access to the market.</li> <li>2. Procedural changes in applications for authorization and approval of air services; eg applications for inter-regional air service shall be forwarded from the home State to the State(s) affected who then have three months in which to take a decision; conditions for authorizations and refusals.</li> <li>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.</li> <li>4. New compliance and reporting requirements for Member States, eg the Member States are required to report any accident involving aircraft operating services authorized under this Directive.</li> </ol> |                     |                                 |                             |  |                                       |                                 |
| 4) <i>Opinion of the European Parliament</i> | Not yet given.   |                     |                                 |                             |  |                                       |                                 |
| 5) <i>Current status</i>                     | The proposal is currently before the Council for examination and adoption.   |                     |                                 |                             |  |                                       |                                 |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td style="width: 50%;">Official Journal C 240, 24.9.86</td> </tr> <tr> <td>European Parliament Opinion</td> <td></td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 105, 21.4.87</td> </tr> </table>   | Commission Proposal | Official Journal C 240, 24.9.86 | European Parliament Opinion |  | Economic and Social Committee Opinion | Official Journal C 105, 21.4.87 |
| Commission Proposal                          | Official Journal C 240, 24.9.86  |                     |                                 |                             |  |                                       |                                 |
| European Parliament Opinion                  |  |                     |                                 |                             |  |                                       |                                 |
| Economic and Social Committee Opinion        | Official Journal C 105, 21.4.87  |                     |                                 |                             |  |                                       |                                 |



## 4. TRANSPORT

### 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>	<b>Council Directive 87/601/EEC of 14 December 1987</b> on fares for scheduled air services between Member States.	
<i>3) Contents</i>	<ol style="list-style-type: none"> <li>1. The Directive applies to the establishment of scheduled air fares charged on any route between airports in the Community.</li> <li>2. Definitions of scheduled air fares, zone of price flexibility, reference fare, air carrier, states concerned, scheduled air service, and flight.</li> <li>3. Air fares will be approved by Member States provided they are reasonably related to the long term allocated costs of the applicant.</li> <li>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.</li> <li>5. Procedure for settling disputes for those occasions when one Member State wishes to approve air fares and the other does not.</li> </ol>	
<i>4) Deadline for implementing Member State legislation</i>	31.12.87	
<i>5) Application date (if different from 4)</i>	1.1.88	
<i>6) Date for further coordinating proposal (if specified)</i>	1.11.89 at the latest 30.6.90 at the latest	(Commission proposal) (Council decision)
<i>7) References</i>	Council Adoption	Official Journal L 374, 31.12.87





## 4. Transport

### 4.10 Air transport: application of the Competition Law

<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>	<b>Council Regulation (EEC) No 3976/87 of 14 December 1987</b> 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>	<p>1. The Regulation applies to international air transport between Community airports.</p> <p>2. The Commission is empowered to adopt regulations which grant exemptions from prohibition under the 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.</p> <p>3. Any regulation adopted under (2) will expire on 31.1.91.</p> <p>4. The Commission may withdraw the benefit of exemptions under (2) in individual cases.</p>	
<i>4) Deadline for implementing Member State legislation</i>	None required.	
<i>5) Application date (if different from 4)</i>	1.1.88	
<i>6) Date for further coordinating proposal (if specified)</i>	1.11.89 30.6.90	(Commission proposal) (Council decision)
<i>7) References</i>	Council Adoption	Official Journal L 374, 31.12.87





## 4. TRANSPORT

### 4.11 Air transport: procedure for application of the Competition Law

<i>1) Objective</i>	To provide appropriate procedures, powers and penalties to ensure compliance in the air transport sector with the Competition Rules laid out in the EEC Treaty.
<i>2) Community measure</i>	<b>Council Regulation (EEC) No 3975/87 of 14 December 1987</b> 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"> <li>1. The Regulation applies to international travel between Community airports.</li> <li>2. The Regulation exempts from prohibition under the Competition Law practices solely intended to produce technical improvements or cooperation.</li> <li>3. Commission procedures for processing suspected infringements of the Competition Law.</li> <li>4. Applications for exemption from prohibition under the Competition Law.</li> <li>5. Duration, renewal and revocation of exemptions.</li> <li>6. Procedures for liaison with the authorities of Member States.</li> <li>7. Procedures for requests for information by the Commission.</li> <li>8. Respective investigatory and decision-making powers of the Commission and the Member States.</li> <li>9. Sanctions, eg when a company responds to a Commission request with misleading information.</li> <li>10. Information acquired for the purpose of investigation will be treated in confidence.</li> <li>11. Publication of Commission decisions concerning complaints and requests for exemption from prohibition.</li> </ol>
<i>4) Deadline for implementing Member State legislation</i>	None required.
<i>5) Application date (if different from 4)</i>	1.1.88
<i>6) Date for further coordinating proposal (if specified)</i>	Not specified.
<i>7) References</i>	Council Adoption <span style="float: right;">Official Journal L 374, 31.12.87</span>







## 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.
- It is vital that one strong single European Market is created for these new services, rather than letting them evolve to differing technical standards in a number of fragmented, national markets. This single European 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 global 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 of the equipment used.
- With regard to the new information services the Community will:
  - Summary 5.1            Establish rules to ensure the freedom to broadcast across frontiers
  - Summary 5.2            Open up the market in information services
  - Summary 5.5            Create a common market for the telecommunications services
  - Summary 5.3            Introduce guidelines for the operation of electronic payments systems
- In the case of the equipment used in the supply of services based on new technologies, the Community will introduce European standards for:
  - Summary 5.4            Television
  - Summary 5.6            Information technology and telecommunications equipment
  - Summary 5.7            Cellular radios

so as to guarantee the compatibility and interoperability of the equipment.





## 5. NEW TECHNOLOGIES AND SERVICES

### 5.1 Broadcasting services

- 1) *Objective* To ensure that all residents in the EEC have access to all EEC broadcasts which have become possible with satellite and cable technology. To remove the obstacles to this which result from Member State rules on copyright, advertising and protection of children.
- 2) *Proposal* **Proposal** for a Council Directive on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of broadcasting activities.
- 3) *Contents*
1. Member States shall not restrict the reception on their territories of broadcasts from other Member States.
  2. At least 30% of programming time not allocated to news, sporting events, game shows, advertising or teletext services shall be reserved for broadcasts of programmes produced within the Community. This will be increased to 60% at a later date.
  3. Internal television broadcasters must reserve 5% of their programming budget for programmes produced within the Community. This will later be increased to 10%.
  4. Limits on amount of time for broadcast advertising so that it does not detract from the function of radio and television as a media for information, education, culture and entertainment. Other limitations on advertising; eg it shall be clearly recognizable as such; it is prohibited for cigarettes, other tobacco products and alcoholic drinks; advertisements shall avoid anything that might encourage children to consume alcohol.
  5. Protection of children and young persons. Any broadcasts which might seriously harm the physical, mental or moral development of children shall not be broadcast.
  6. Rights and obligations in copyright, eg when a cable operator retransmits a broadcast before a contractual agreement has been reached with the right-owners he shall be subject to civil and penal sanctions.
- 4) *Opinion of the European Parliament* Not yet given.
- 5) *Current status* The European Parliament has not yet given an opinion. 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 first examination.
- 6) *References*
- |                                       |                                 |
|---------------------------------------|---------------------------------|
| Commission Proposal                   | Official Journal C 179, 17.7.86 |
| European Parliament Opinion           |                                 |
| Economic and Social Committee Opinion | Official Journal C 232, 31.8.87 |



## 5. NEW TECHNOLOGIES AND SERVICES

### 5.2 Information services market

- 1) *Objective* 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, to promote the use of advanced information services in the Community and to set up an internal information service market by 1992.
- 2) *Proposal* **Proposal** for a Council Decision concerning the establishment at Community level of a policy and a plan of priority actions for the development of an information services market.
- 3) *Contents*
  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
    - setting up a European Information Market Observatory Unit
    - the elimination of technical, administrative and legal barriers to setting up an internal market in 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 20 million ECU for 1989 and 25 million ECU for 1990 in order to implement the first phase of the action plan.
  4. Obligation on the Commission to submit in the second half of 1988 an evaluation report on the introductory phase and guide-lines for future action up to 1992.
- 4) *Opinion of the European Parliament* At the first reading the Parliament expressed a favourable opinion on the proposal and suggested several amendments including an increase of budget provisions.
- 5) *Current status* Following the Parliament's opinion the Commission has modified its proposal which is now before the Council for preparation of a common position.
- 6) *References*

Commission Proposal		Official Journal C 249, 17.9.87
Amended proposal		Official Journal C 30, 4.2.88
European Parliament Opinion		
Economic and Social Committee Opinion		Official Journal C 356, 31.12.87





## 5. NEW TECHNOLOGIES AND SERVICES

### 5.3 Electronic payments

- |   |  |                     |                                  |
|---|--|---------------------|----------------------------------|
| 1) <i>Objective</i>   | 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 card holders to all distribution networks. This should contribute to the rapid modernisation of banking services, distribution and telecommunication services throughout the Community. It will also aid the free movement of goods and capital.  |                     |                                  |
| 2) <i>Community measure</i>                                     | <b>Commission Recommendation 87/598/EEC of 8 December 1987</b> on a European Code of Conduct relating to electronic payments.  |                     |                                  |
| 3) <i>Contents</i>  | <ol style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>- security and convenience for consumers</li> <li>- greater security and efficiency for traders.</li> </ul> </li> <li>2. Definition of electronic payment, issuer, trader, consumer and interoperability for the purposes of the Code.</li> <li>3. General principles relating to the contract between issuers and traders or consumers, eg 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.</li> <li>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.</li> <li>5. Right of privacy of information given by consumer. Right of fair access to the system by service establishments irrespective of their size.</li> <li>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.</li> </ol> |                     |                                  |
| 4) <i>Deadline for implementing Member State legislation</i>    | None required.   |                     |                                  |
| 5) <i>Application date (if different from 4)</i>                |  |                     |                                  |
| 6) <i>Date for further coordinating proposal (if specified)</i> |  |                     |                                  |
| 7) <i>References</i>  | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Adoption</td> <td style="width: 50%;">Official Journal L 365, 24.12.87</td> </tr> </table>   | Commission Adoption | Official Journal L 365, 24.12.87 |
| Commission Adoption   | Official Journal L 365, 24.12.87   |                     |                                  |







## 5. NEW TECHNOLOGIES AND SERVICES

### 5.4 Standardization of television

- |   |  |
|---|--|
| 1) <i>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.  |
| 2) <i>Community measure</i>                                     | <b>Council Directive 86/529/EEC of 3 November 1986</b> on the adoption of common technical specifications for the MAC/packet family of standards for direct satellite television broadcasting.   |
| 3) <i>Contents</i>  | <p>1. Obligation on Member States to take necessary measures to ensure coordination and the use only of the MAC/packet family of standards for direct operational satellite television broadcasting.</p> <p>2. Definition of <i>direct broadcasting by satellite</i> as that using channels assigned to Member States in the 11.7 - 12.5 GHz band and intended for display on 625 lines domestic TV receivers.</p> |
| 4) <i>Deadline for implementing Member State legislation</i>    | 31.12.91   |
| 5) <i>Application date (if different from 4)</i>                |  |
| 6) <i>Date for further coordinating proposal (if specified)</i> | The Commission may put forward proposals for a replacement directive before 31.12.91.  |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 311, 6.11.86</span>  |



## 5. NEW TECHNOLOGIES AND SERVICES

### 5.5 Standardization of information technology and telecommunications

1) <i>Objective</i>	To promote closer cooperation in establishing EEC technical standards in the information technology and telecommunications sectors.
2) <i>Community measure</i>	<b>Council Decision 87/095/EEC of 22 December 1986</b> on standardization in the field of information technology and telecommunications.
3) <i>Contents</i>	<ol style="list-style-type: none"> <li>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.</li> <li>2. Establishment of European standards, European pre-standards and telecommunications functional specifications. These will be based on international standards where they exist.</li> <li>3. Coordination of Member States' activities in             <ul style="list-style-type: none"> <li>- the verification of conformity of products and services to standards and functional specifications</li> <li>- the certification of conformity.</li> </ul> </li> <li>4. Member States shall ensure reference to European standards, European pre-standards, international standards and functional specifications as appropriate for public procurement orders.</li> <li>5. Special circumstances which may justify the use of standards and specifications different to those specified in this Decision; eg those requiring compatibility with existing systems, genuinely innovative projects, certain contracts worth less than 100,000 ECU (provided that this does not prevent the use of the correct standards in contracts worth more than 100,000 ECU).</li> </ol>
4) <i>Deadline for implementing Member State legislation</i>	7.2.88
5) <i>Application date (if different from 4)</i>	
6) <i>Date for further coordinating proposal (if specified)</i>	
7) <i>References</i>	Council Adoption <span style="float: right;">Official Journal L 36, 7.2.87</span>





## 5. NEW TECHNOLOGIES AND SERVICES

### 5.6 Type approval for telecommunication terminal equipment

- |   |   |
|---|---|
| 1) <i>Objective</i>   | To promote Community capability to produce telecommunications equipment through the mutual recognition by Member States of type approvals.  |
| 2) <i>Community measure</i>                                     | <b>Council Directive 86/361/EEC of 24 July 1986</b> on the initial stage of the mutual recognition of type approval for telecommunication terminal equipment.   |
| 3) <i>Contents</i>  | <ol style="list-style-type: none"> <li>1. Obligation on Member States to implement the mutual recognition of the results of tests for conformity with common specifications in mass-produced telecommunication terminal equipment.</li> <li>2. Definitions of terms relating to terminal equipment, telecommunications, standards, technical specification, conformity etc.</li> <li>3. Obligation on the Commission to: annually draw up 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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol> |
| 4) <i>Deadline for implementing Member State legislation</i>    | 24.7.87   |
| 5) <i>Application date (if different from 4)</i>                |   |
| 6) <i>Date for further coordinating proposal (if specified)</i> | 24.7.89   |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 217, 5.8.86</span>  |





## 5. NEW TECHNOLOGIES AND SERVICES

### 5.7 Pan-European mobile telephones

1) <i>Objective</i>	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) <i>Community measure</i>	<p><b>Council Directive 87/372/EEC of 25 June 1987</b> on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.</p> <p><b>Council Recommendation 87/371/EEC of 25 June 1987</b> on the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.</p>	
3) <i>Contents</i>	<p><b>Directive 87/372/EEC</b></p> <p>1. Obligation on Member States to ensure that 905-914 and 950-959 MHz, or equivalent parts of the band, are reserved exclusively for a <i>public pan-European cellular digital mobile communications service</i> by 1 January 1991. The whole of 890-915 and 935-960 MHz bands are to be made available as soon as possible.</p> <p>2. Definition of a <i>public pan-European cellular digital land-based mobile communications service</i> as a public, cellular radio service provided in each of the member States to a common specification.</p> <p><b>Recommendation 87/371/EEC</b></p> <p>The Recommendation proposes that the telecommunications administrators implement detailed recommendations concerning the coordinated introduction of <i>public pan-European cellular digital land-based mobile communications</i> 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.</p>	
4) <i>Deadline for implementing Member State legislation</i>	Directive Recommendation	26.12.86 Member States to inform the Commission at the end of each year, beginning at the end of 1987, of actions taken.
5) <i>Application date (if different from 4)</i>		
6) <i>Date for further coordinating proposal (if specified)</i>	1.1.91	
7) <i>References</i>	Council Adoption	Official Journal L 196, 17.7.87







## 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 Council is currently examining the Commission proposal (summary 6.1) which will remove the remaining restrictions between Member States.
- Two further directives contained in the White Paper have already been adopted. One (summary 6.2) has liberalized 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 (eg unit trusts).

The second (summary 6.3) has similar provisions purely related to UCITS.





## 6. CAPITAL MOVEMENTS

### 6.1 Complete liberalization of capital movements

- |  |  |                     |                               |                             |  |                                       |  |
|--|--|---------------------|-------------------------------|-----------------------------|--|---------------------------------------|--|
| 1) <i>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, stable and attractive Community financial system.  |                     |                               |                             |  |                                       |  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive for the implementation of Article 67 of the Treaty.  |                     |                               |                             |  |                                       |  |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. Obligation on the Member States to abolish restrictions on the movement of capital between persons resident in Member States.</li> <li>2. Obligation on Member States to ensure that <i>capital transfers</i> be made at the same exchange-rate as those applying to <i>current transactions</i>.</li> <li>3. Obligation on Member States to notify the Commission and certain other relevant bodies of certain measures to regulate bank liquidity. These are notifiable if they have a specific impact on capital transactions with non-residents, involve regulation of banks' net external positions or of compulsory reserve ratios on their external assets or liabilities.</li> <li>4. Procedures under which Member States may take protective measures restricting certain capital movements. These are only permitted when short-term capital movements of exceptional magnitude impose severe strains on foreign-exchange markets and lead to serious disturbances in the conduct of a Member State's monetary and exchange-rate policies. These protective measures can only be applied for up to six months.</li> <li>5. Postponed implementation of the Directive in the case of Greece, Ireland, Portugal and Spain.</li> </ol> |                     |                               |                             |  |                                       |  |
| 4) <i>Opinion of the European Parliament</i> | Not yet given.   |                     |                               |                             |  |                                       |  |
| 5) <i>Current status</i>                     | The Council is examining the proposal and the European Parliament has yet to give its opinion.   |                     |                               |                             |  |                                       |  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td style="width: 50%;">Official Journal C 26, 1.2.88</td> </tr> <tr> <td>European Parliament Opinion</td> <td></td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td></td> </tr> </table>  | Commission Proposal | Official Journal C 26, 1.2.88 | European Parliament Opinion |  | Economic and Social Committee Opinion |  |
| Commission Proposal                          | Official Journal C 26, 1.2.88  |                     |                               |                             |  |                                       |  |
| European Parliament Opinion                  |  |                     |                               |                             |  |                                       |  |
| Economic and Social Committee Opinion        |  |                     |                               |                             |  |                                       |  |





## 6. CAPITAL MOVEMENTS

### 6.2 Liberalization of certain capital transactions

- |   |   |                                  |
|---|---|----------------------------------|
| 1) <i>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.   |                                  |
| 2) <i>Community measure</i>                                     | <b>Council Directive 86/566/EEC of 17 November 1986</b> amending the First Directive of 11 May 1960 on the implementation of Article 67 of the Treaty.  |                                  |
| 3) <i>Contents</i>  | <p>1. New obligations on Member States to grant authorisation and exchange control facilities for transactions related to:</p> <ul style="list-style-type: none"> <li>- long-term commercial credits</li> <li>- acquisition of securities not dealt on a stock exchange (shares, bonds and UCITS)</li> <li>- admission (introduction, issue and placing) of securities to the capital markets.</li> </ul> <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> |                                  |
| 4) <i>Deadline for implementing Member State legislation</i>    | Portugal<br>Spain<br>Others   | 31.12.92<br>31.12.90<br>28.2.87  |
| 5) <i>Application date (if different from 4)</i>                |   |                                  |
| 6) <i>Date for further coordinating proposal (if specified)</i> |   |                                  |
| 7) <i>References</i>  | Council Adoption  | Official Journal L 332, 26.11.86 |





## 6. CAPITAL MOVEMENTS

### 6.3 Liberalization of UCITS

- |   |  |                                  |
|---|--|----------------------------------|
| <i>1) Objective</i>   | To liberalize capital movements for transactions in UCITS, (eg unit trusts). This is possible now that a Directive exists which provides investors in UCITS with more effective protection and uniform safeguards (summarised in 3.5). |                                  |
| <i>2) Community measure</i>                                     | <b>Council Directive 85/583/EEC of 20 December 1985</b> amending the Directive of 11 May 1960 on the implementation of Article 67 of the Treaty.   |                                  |
| <i>3) Contents</i>  | Amendment of the Directive of 11 May 1960 on liberalization of capital movements to include the units of collective investment undertakings.   |                                  |
| <i>4) Deadline for implementing Member State legislation</i>    | Portugal   | 31.12.90                         |
|   | Others   | 1.10.89                          |
| <i>5) Application date (if different from 4)</i>                |  |                                  |
| <i>6) Date for further coordinating proposal (if specified)</i> |  |                                  |
| <i>7) References</i>  | Council Adoption   | Official Journal L 372, 31.12.85 |





## 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                    Income tax for workers who live and work in different Member States
  - Summary 7.2                    Administrative problems faced by the non-employed who wish to live in another Member State
  - The Commission will table a further proposal to eliminate the cumbersome administrative procedures for residence permits in 1988.
- 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
  - Summary 7.3 - 7.4            Recognition and comparability of higher education and vocational qualifications
  - Summary 7.5 - 7.7            Issues concerned with the technological sector
  - Summary 7.8 - 7.11         Issues concerned with the pharmaceutical and medical sector
  - In 1989, the Commission intends to table a proposal for introducing a 'European Vocational Training Card'.



## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.1 Free movement of workers: income tax

- |  |   |                     |                                |                             |                                 |                                       |                                  |
|--|---|---------------------|--------------------------------|-----------------------------|---------------------------------|---------------------------------------|----------------------------------|
| 1) <i>Objective</i>                          | To harmonize income taxes and certain tax reliefs for non-resident workers.   |                     |                                |                             |                                 |                                       |                                  |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive concerning the harmonization of income taxation provisions with respect to freedom of movement of workers within the Community.   |                     |                                |                             |                                 |                                       |                                  |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. The Directive applies to the taxation of <i>frontier</i> and <i>non-resident</i> workers.</li> <li>2. <i>Resident</i> is to be interpreted in line with existing national tax provisions and relevant double taxation agreements.</li> <li>3. Definition of a <i>frontier worker</i> 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.</li> <li>4. Frontier workers are taxed by their Member State of <i>residence</i>. However, the Member State of <i>employment</i> can levy a <i>withholding tax</i>. The worker can offset any such tax against tax paid to his Member State of <i>residence</i>.</li> <li>5. If a worker is resident in one Member State, but is liable to taxation by another Member State on pensions or other specialised income, this tax cannot be levied at a greater rate than that which would be due in the Member State of <i>residence</i>.</li> <li>6. If a Member State grants tax relief for particular payments (eg pensions) within its own borders, it has to extend similar relief for such payments within other Member States.</li> </ol> |                     |                                |                             |                                 |                                       |                                  |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament approved the proposal.  |                     |                                |                             |                                 |                                       |                                  |
| 5) <i>Current status</i>                     | The proposal is before the Council for adoption.  |                     |                                |                             |                                 |                                       |                                  |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Commission Proposal</td> <td>Official Journal C 21, 26.1.80</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 149, 14.6.82</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 113, 17.12.80</td> </tr> </table>   | Commission Proposal | Official Journal C 21, 26.1.80 | European Parliament Opinion | Official Journal C 149, 14.6.82 | Economic and Social Committee Opinion | Official Journal C 113, 17.12.80 |
| Commission Proposal                          | Official Journal C 21, 26.1.80  |                     |                                |                             |                                 |                                       |                                  |
| European Parliament Opinion                  | Official Journal C 149, 14.6.82   |                     |                                |                             |                                 |                                       |                                  |
| Economic and Social Committee Opinion        | Official Journal C 113, 17.12.80  |                     |                                |                             |                                 |                                       |                                  |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.2 Right of residence for non-employed persons

- |  |   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
|--|---|---------------------|---------------------------------|------------------|---------------------------------|--|----------------------------------|--|---------------------------------|-----------------------------|---------------------------------|---------------------------------------|---------------------------------|
| 1) <i>Objective</i>                          | To remove obstacles to the free movement of non-employed people.  |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Council Directive on a right of residence for nationals of Member States in the territory of another Member State.  |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| 3) <i>Contents</i>                           | <ol style="list-style-type: none"> <li>1. Obligation on Member States to allow nationals of other Member States who are neither employed nor self-employed to enter and leave their territory.</li> <li>2. Obligation on Member States to provide right of permanent residence and residence permits to these persons.</li> <li>3. Technical details of provision of residence permits.</li> <li>4. Derogations on grounds of public policy, public security or public health.</li> </ol>   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament approved the proposal subject to a number of recommendations for amendment. These included a recommendation that the definition of <i>members of the family</i> be expanded to include any person whom the holder of a right of residence has an obligation to support or is in practice dependant on the holder.   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| 5) <i>Current status</i>                     | The amended proposal is now before the Council for its decision. The text under consideration differs to a large extent from the original proposal; the right of residence will be subjected to certain conditions.   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 40px;">Commission Proposal</td> <td>Official Journal C 207, 17.8.79</td> </tr> <tr> <td>Amended Proposal</td> <td>Official Journal C 188, 25.7.80</td> </tr> <tr> <td></td> <td>Official Journal C 292, 11.11.80</td> </tr> <tr> <td></td> <td>Official Journal C 171, 10.7.85</td> </tr> <tr> <td style="padding-top: 10px;">European Parliament Opinion</td> <td>Official Journal C 117, 12.5.80</td> </tr> <tr> <td style="padding-top: 10px;">Economic and Social Committee Opinion</td> <td>Official Journal C 182, 21.7.80</td> </tr> </table> | Commission Proposal | Official Journal C 207, 17.8.79 | Amended Proposal | Official Journal C 188, 25.7.80 |  | Official Journal C 292, 11.11.80 |  | Official Journal C 171, 10.7.85 | European Parliament Opinion | Official Journal C 117, 12.5.80 | Economic and Social Committee Opinion | Official Journal C 182, 21.7.80 |
| Commission Proposal                          | Official Journal C 207, 17.8.79   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| Amended Proposal                             | Official Journal C 188, 25.7.80   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
|  | Official Journal C 292, 11.11.80  |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
|  | Official Journal C 171, 10.7.85   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| European Parliament Opinion                  | Official Journal C 117, 12.5.80   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |
| Economic and Social Committee Opinion        | Official Journal C 182, 21.7.80   |                     |                                 |                  |                                 |  |                                  |  |                                 |                             |                                 |                                       |                                 |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.3 Recognition of higher education diplomas

- 1) *Objective* To promote the mutual recognition by Member States of higher education qualifications and the right of those so qualified to practice their professional skills.
- 2) *Proposal* **Proposal** for a Council Directive on a general system for the recognition of higher education diplomas.
- 3) *Contents*
  1. Definition of *higher education diploma, host Member State, professional experience* and *period of supervised practice*.
  2. This Directive applies to any national of a Member State wishing to pursue a profession in a host Member State which does not yet recognize his professional qualifications.
  3. Obligation on Member States to recognize both qualifications from other Member States and evidence of professional experience.
  4. Obligations on applicants to prove qualifications by documentary proof.
- 4) *Opinion of the European Parliament* The European Parliament approved the Commission's proposal.
- 5) *Current status* The amended proposal is now 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 first examination.
- 6) *References*
- |                                       |                                  |
|---------------------------------------|----------------------------------|
| Commission Proposal                   | Official Journal C 217, 28.8.85  |
| Amended Proposal                      | Official Journal C 143, 10.6.86  |
| European Parliament Opinion           | Official Journal C 345, 31.12.85 |
| Economic and Social Committee Opinion | Official Journal C 75, 3.4.86    |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.4 Comparability of qualifications

- |   |   |
|---|---|
| 1) <i>Objective</i>   | To establish comparability of vocational training qualifications throughout the Member States. This will allow workers to practice their skills throughout the whole Community.   |
| 2) <i>Community measure</i>                                     | <b>Council Decision 85/368/EEC of 16 July 1985</b> on the comparability of vocational training qualifications.  |
| 3) <i>Contents</i>  | <p>1. The Decision aims to enable skilled workers to make better use of their qualifications, in particular to obtain suitable employment in another Member State.</p> <p>2. Commission action on comparability of vocational training qualifications is tabled. This covers job descriptions of skilled workers which are agreed by the Member States and the use to which this will be put, for example, masons in the construction industry and wine-waiters in the hotel industry.</p> <p>3. Each Member State shall designate a coordination body which shall be responsible for such functions as: selection of relevant occupations, drawing up of mutually agreed job descriptions, matching of the vocational training qualifications etc.</p> <p>4. Member States are required to report on the implementation of this Decision two years after its adoption and then every four years.</p> |
| 4) <i>Deadline for implementing Member State legislation</i>    |   |
| 5) <i>Application date (if different from 4)</i>                | After the first report has been made, Member States must make national reports on the Decision and the results obtained every four years.   |
| 6) <i>Date for further coordinating proposal (if specified)</i> | The Commission is to submit a report on its own work and the application of this Decision in the Member States at appropriate intervals.  |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 199, 31.7.85</span>   |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.5 Training in technology

- |   |  |                                |
|---|--|--------------------------------|
| 1) <i>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.  |                                |
| 2) <i>Community measure</i>                                     | <b>Council Decision 86/365 of 24 July 1986</b> adopting the programme on cooperation between universities and enterprises regarding training in the field of technology (COMETT).  |                                |
| 3) <i>Contents</i>  | <p>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.</p> <p>2. Definition of the terms <i>university</i> and <i>enterprise</i> for the purposes of the programme.</p> <p>3. Objectives of the programme:</p> <ul style="list-style-type: none"> <li>- to give a European dimension to the cooperation between universities and enterprises</li> <li>- to foster the joint development of training programmes</li> <li>- to improve the supply of training</li> <li>- to develop the level of training in response to technological and social changes.</li> </ul> <p>4. EEC financing of 45 million ECU available for the programme.</p> <p>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.</p> |                                |
| 4) <i>Deadline for implementing Member State legislation</i>    | 1.1.86   |                                |
| 5) <i>Application date (if different from 4)</i>                |  |                                |
| 6) <i>Date for further coordinating proposal (if specified)</i> | 31.10.88   |                                |
| 7) <i>References</i>  | Council Adoption   | Official Journal L 222, 8.8.86 |



## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.6 Access to activities in the technical field

- 1) *Objective* To promote a single market for technical research and consultancy by adopting transitional arrangements for the mutual recognition by Member States of technical qualifications and practical experience.
- 2) *Proposal* **Proposal** for a Directive laying down detailed provisions concerning transitional measures for activities in the field of technical research, invention, consultancy and their application.
- 3) *Contents*
1. Obligations on Member States to recognize qualifications in the areas of technical research, invention, and consultancy awarded by other Member States. These qualifications must comply with specific criteria and be accompanied by specified evidence.
  2. Obligation on Member States to recognize that qualifications awarded by other Member States are equal to national qualifications so long as they meet specified criteria.
  3. Member States must give these equivalent qualifications the same rights as provided to national qualifications.
  4. Requirement for Member States to appoint relevant authorities to deal with applications for recognition of foreign qualifications and the accompanying evidence.
  5. Right of persons qualified in a particular technical field in one Member State to use the title of this qualification in any other Member States in which they are practicing.
  6. The Directive will remain in force until new legislation dealing with mutual recognition of diplomas has been adopted.
- 4) *Opinion of the European Parliament* The European Parliament approved the proposal with one recommendation for amendment.
- 5) *Current status* The proposal is under consideration by 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 first examination.
- 6) *References*
- |                                       |                                 |
|---------------------------------------|---------------------------------|
| Commission Proposal                   | Official Journal C 99, 30.7.69  |
| European Parliament Opinion           | Official Journal C 51, 29.4.70  |
| Economic and Social Committee Opinion | Official Journal C 108, 26.8.70 |



## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.7 Training of engineers

- |  |   |                     |                                |                             |                                |                                       |                                 |
|--|---|---------------------|--------------------------------|-----------------------------|--------------------------------|---------------------------------------|---------------------------------|
| 1) <i>Objective</i>                          | To adopt transitional measures for recognition of diplomas in the field of engineering.   |                     |                                |                             |                                |                                       |                                 |
| 2) <i>Proposal</i>                           | <b>Proposal</b> for a Directive concerning the coordination of certain laws, regulations and administrative provisions concerning the training of engineers.  |                     |                                |                             |                                |                                       |                                 |
| 3) <i>Contents</i>                           | <p>1. Requirement that the legislation of the Member States relating to the training of engineers complies with the directive concerning transitional measures in the technical field (summary 7.4).</p> <p>2. Obligation on Member States to ensure that engineers who possess qualifications which fulfil the criteria laid down may pursue their profession in any Member State.</p> |                     |                                |                             |                                |                                       |                                 |
| 4) <i>Opinion of the European Parliament</i> | The European Parliament approved the proposal subject to one recommendation for amendment.  |                     |                                |                             |                                |                                       |                                 |
| 5) <i>Current status</i>                     | The proposal is currently 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 first examination.   |                     |                                |                             |                                |                                       |                                 |
| 6) <i>References</i>                         | <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 40px;">Commission Proposal</td> <td>Official Journal C 99, 30.7.69</td> </tr> <tr> <td>European Parliament Opinion</td> <td>Official Journal C 51, 29.4.70</td> </tr> <tr> <td>Economic and Social Committee Opinion</td> <td>Official Journal C 108, 26.8.70</td> </tr> </table>                                | Commission Proposal | Official Journal C 99, 30.7.69 | European Parliament Opinion | Official Journal C 51, 29.4.70 | Economic and Social Committee Opinion | Official Journal C 108, 26.8.70 |
| Commission Proposal                          | Official Journal C 99, 30.7.69  |                     |                                |                             |                                |                                       |                                 |
| European Parliament Opinion                  | Official Journal C 51, 29.4.70  |                     |                                |                             |                                |                                       |                                 |
| Economic and Social Committee Opinion        | Official Journal C 108, 26.8.70   |                     |                                |                             |                                |                                       |                                 |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.8 Qualifications in pharmacy

- |   |   |
|---|---|
| 1) <i>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.   |
| 2) <i>Community measure</i>                                     | <p><b>Council Directive 85/432/EEC of 16 September 1985</b> 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><b>Council Decision 85/434/EEC of 16 September 1985</b> setting up an Advisory Committee on pharmaceutical training.</p>  |
| 3) <i>Contents</i>  | <p>1. The Directive applies to holders of professional qualifications in pharmacy who wish to pursue activities which require such qualifications, eg the preparation of medicines, the provision of information and advice on medicines.</p> <p>2. Criteria on which Member States shall base the award of qualifications, eg they must have followed training which ensures adequate knowledge of medicines, pharmaceutical technology, the metabolism etc.</p> <p>3. Further coordinating proposals on specializations in pharmacy may be issued within three years from 1 October 1987.</p> <p>4. A Pharmaceutical Committee will be available should any Member State encounter major difficulties in applying this Directive.</p> |
| 4) <i>Deadline for implementing Member State legislation</i>    | 1.10.87   |
| 5) <i>Application date (if different from 4)</i>                |   |
| 6) <i>Date for further coordinating proposal (if specified)</i> | Not more than three years after 1.10.87.  |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 253, 24.9.85</span>   |



**7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS**

**7.9 Mutual recognition of diplomas in pharmacy**

- |   |   |         |                                |         |   |
|---|---|---------|--------------------------------|---------|---|
| 1) <i>Objective</i>   | To facilitate the right to set up practice as a pharmacist in any Member State.   |         |                                |         |   |
| 2) <i>Community measure</i>                                     | <b>Council Directive 85/433/EEC of 16 September 1985</b> 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.  |         |                                |         |   |
| 3) <i>Contents</i>  | <p>1. The Directive applies to holders of professional qualifications in pharmacy who wish to pursue activities which require such qualifications, eg the preparation, 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 these the same effect in their territory as the qualification itself awards. Examples of qualifications include:</p> <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">Belgium</td> <td>Le diplôme légal de pharmacien</td> </tr> <tr> <td>Ireland</td> <td>The certificate of Registered Pharmaceutical Chemist.</td> </tr> </table> <p>Furthermore, when the pursuit of the activity also requires additional professional experience, the State shall accept a certificate issued by the competent authorities of the person's Member State attesting that he has the relevant experience.</p> <p>3. Derogation allowing Greece not to give affect to the obligations in the Directive. Other Member States need not provide equal recognition to relevant qualifications awarded by Greece.</p> <p>4. Obligation on Member States to permit nationals of other Member States who fulfill relevant conditions to use their academic titles.</p> <p>5. Procedure for authorizing pharmacists to set up in practice. A Member State may require a proof of good character and a certificate of physical and mental health before granting authorization.</p> | Belgium | Le diplôme légal de pharmacien | Ireland | The certificate of Registered Pharmaceutical Chemist. |
| Belgium   | Le diplôme légal de pharmacien  |         |                                |         |   |
| Ireland   | The certificate of Registered Pharmaceutical Chemist.   |         |                                |         |   |
| 4) <i>Deadline for implementing Member state legislation</i>    | 1.10.87   |         |                                |         |   |
| 5) <i>Application date (if different from 4)</i>                |   |         |                                |         |   |
| 6) <i>Date for further coordinating proposal (if specified)</i> |   |         |                                |         |   |
| 7) <i>References</i>  | Council Adoption <span style="float: right;">Official Journal L 253, 24.9.85</span>   |         |                                |         |   |





## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.10 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>                                     | <b>Council Directive 86/457/EEC of 15 September 1986</b> on specific training in general medical practice.  |                                 |
| 3) <i>Contents</i>  | <p>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, it shall be practically based, etc.</p> <p>2. Types of specific part-time training permitted in the Member States, eg part-time courses must not have a weekly duration of less than 60% of the full-time courses.</p> <p>3. Rights of Member States to issue a diploma, certificate or other evidence of formal qualifications.</p> <p>4. Member States must make general medical practice conditional on a formal medical qualification.</p> <p>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.</p> |                                 |
| 4) <i>Deadline for implementing Member State legislation</i>    | Not stated.   |                                 |
| 5) <i>Application date (if different from 4)</i>                | 1.1.95 at the latest.   |                                 |
| 6) <i>Date for further coordinating proposal (if specified)</i> | 1.1.96  | (Commission proposal)           |
|   | 1.1.97  | (Council Decision)              |
| 7) <i>References</i>  | Council Adoption  | Official Journal L 267, 19.9.86 |



## 7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

### 7.11 Commercial agents

1) <i>Objective</i>	To coordinate national legislation concerning relationships between self-employed commercial agents and their principals.	
2) <i>Community measure</i>	<b>Council Directive 86/653/EEC of 18 December 1986</b> on the coordination of the laws of the Member States relating to self-employed commercial agents.	
3) <i>Contents</i>	<p>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.</p> <p>2. Rights and obligations of a commercial agent; eg 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.</p> <p>3. Remuneration to which a commercial agent is entitled, eg a commission on commercial transactions concluded as a result of his action.</p> <p>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.</p>	
4) <i>Deadline for implementing Member State legislation</i>	Ireland and UK Italy (article 17) Others	1.1.94 1.1.93 1.1.90
5) <i>Application date (if different from 4)</i>	1.1.94	
6) <i>Date for further coordinating proposal (if specified)</i>		
7) <i>References</i>	Council Adoption	Official Journal L 382, 31.12.86

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These brochures are available in all the official Community Languages. Copies of the March 1988 issue can be obtained from the offices listed below. In addition, copies of other Commission documents on the Internal Market are available from the same offices.

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### DANMARK

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Højbrohus  
Østergade 61  
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Tlf. : 14 41 40

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### FRANCE

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61, rue des Belles-Feuilles  
75782 Paris Cedex 16  
Tél. : 45 01 58 85

2, rue Henri Barbusse  
F-13241 Marseille Cedex 01  
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### GRAND-DUCHÉ DE LUXEMBOURG

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Centre Européen  
Bâtiment Jean Monnet B/O  
2920 Luxembourg  
Tél. : 430 11

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### PORTUGAL

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Centre Européen Jean Monnet  
56 rua do Salitre  
1200 Lisboa  
Tel. : 54 11 44

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### DEUTSCHLAND

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Zitelmannstraße 22  
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Tel. : 23 80 41

Kurfürstendamm 102  
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### IRELAND

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39, Molesworth Street  
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### ITALIA

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Via Poli, 29  
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Tel. : 678 97 22

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20123 Milano  
Tel. : 80 15 05/6/7/8

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### UNITED KINGDOM

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7 Alva Street  
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### ΕΛΛΑΔΑ

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