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INFORMATION MEMO

Freedom to supply services in agriculture

At its 149th session^{*)} the EEC Council issued a directive on arrangements to liberalize services in agriculture, though the official text in the four official languages of the Community has still to be finalized.

The proposal for this directive was put forward by the Commission on March 3, in pursuance of the General Programme on freedom to supply services adopted by the Council on December 18, 1961.

Under the directive the supply of services coming under the following headings is to be liberalized among the Member States within six months at most: technical assistance; pest and weed destruction, the spraying of plants and soil; pruning; picking, packing and packaging; the operation of irrigation systems; the hiring-out of farm machinery; the care or dressing of soil or crops; harvesting, threshing, pressing and gathering.

Restrictions on the supply of services connected with stock-raising and other activities not listed above are to be removed by the end of 1966.

Forestry, for which a longer time-table was laid down in the General Programme, is not covered by the directive, nor are drainage, irrigation or land reclamation, since they are covered by two other directives applying to public works.

The measures adopted by the Council should be of benefit to a fair number of undertakings in frontier areas and to certain firms that are sufficiently large and specialized to operate at some distance from their headquarters.

The liberalization of services laid down by this directive will be greatly facilitated in practice by steps now being taken at Community level to eliminate obstacles caused by divergences between regulations in the various countries on the movement and use of agricultural equipment. Likewise, the Commission's recommendation

*) on November 11-15, 1964,

of December 8, 1962 to the Member States, proposing as a general practice the temporary duty-free import of equipment for use in performing any kind of service, is of particular importance for agriculture.

This directive - the fourteenth issued by the Council since the General Programmes on freedom of establishment and services were adopted - will promote the development of agriculture within the Community, for the services to be liberalized will contribute to technical progress and to agricultural rationalization in general - both in the most ordinary agricultural and horticultural occupations and in stock-raising and specialized work such as that connected with farm structures. This was brought out in the opinions rendered by the European Parliament and the Economic and Social Committee on the Commission's proposal.

Article 3 of the directive - which, unlike most of those adopted earlier, covers services only and not establishment - defines the concept of services and clarifies the distinction between services and establishment.

Beneficiaries will have the right to undertake freely the preliminary operations necessary for the supply of services, especially seeking clients by advertising or canvassing. They will be permitted to do business for "a period corresponding to the nature of the service supplied, provided the centre of their professional operations remains in another Member State". However, in the Member State where they are supplying services, beneficiaries may, on the same terms as nationals of that State, "acquire, rent, use or dispose of movable or immovable property which they need to perform their services, provided that this property does not constitute a permanent establishment in the form of a branch or agency". They may, where appropriate, be required to furnish the authorities in the Member States where they are temporarily doing business with documents or other evidence showing the date on which they began their activity on its territory.
