ENGLISH

INTERNAL MARKET

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A COMMON MARKET FOR SERVICES

Banking

Insurance

Transactions in securities

Transport services

New technologies and services

Capital movements

Free movement of labour and the professions

EUROPEAN COMMISSION

Volume 1

JULY 1994

This booklet is one of a series of six publications on the internal market.

The complete series of booklets covers

A common market for services

The elimination of frontier controls

Conditions for business cooperation
Public procurement
Internal market for energy

A new Community standards policy

Veterinary and plant health controls

Community social policy

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A COMMON MARKET FOR SERVICES

How to use this booklet

This series of booklets sets out:

(i) to inform the interested European public about the steps which are being taken to bring about the single market;

(ii) to summarize the approach which is being taken in individual business sectors;

(iii) to provide an initial guide to the content and current status of each proposal which the Commission has drafted with a view to completing the internal market.

This booklet contains:

(i) a brief description of how the Community makes laws;

(ii) a general introduction to the issues and problems involved in creating an internal market for services;

(iii) specific introductions to the approach being taken in individual sectors of the services market;

(iv) a brief summary of each measure which has been adopted or proposed with a view to establishing the internal market for services. Where a measure has been proposed but not yet adopted, the summary also gives details of the European Parliament's opinion and of the current status of the proposal. Where the measure has been adopted, the summary gives the deadline for implementing the legislation in the Member States, together with details of any follow-up work and of the implementing measures taken by the Commission.

The reader should:

(i) ensure he is familiar with how the Community makes laws and recommendations; if this is not the case, he should turn to page iii;

(ii) read the general introduction to services for an overview of the issues (page 1);

(iii) select from the contents (page ix) the section(s) which cover the sector(s) of interest.

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

Note to the reader

This publication provides a snapshot, as at 1 July 1994, of a situation which is evolving all the time. It was designed as a documentary tool and does not bind the Commission in any way.

EUROPEAN COMMUNITY LEGISLATIVE PROCEDURES

SUMMARY

To gain a better understanding of the information contained in the summaries, it is worthwhile learning about the Community's legislative procedures. Each summary refers to a specific measure desgned to facilitate the creation of the single market. In brief:

(i) the Commission, which enjoys decision-making and implementing powers, has a right of initiative: it draws up proposals, which it submits to the Council;

(ii) the Council consists of members representing each Member State at ministerial level. Jointly with Parliament and the Commission, the Council adopts Community instruments on the basis of these proposals;

(iii) the European Parliament (elected by the citizens of the Community) examines these proposals and participates, within the limits of its powers, in the adoption of Community acts;

(iv) the Economic and Social Committee (consisting of representatives of employers, trade unions and other interest groups) must be consulted on some of these proposals;

(v) the Committee of the Regions, consisting of representatives of local and regional authorities, also has a consultative role in some fields.

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

Decisions

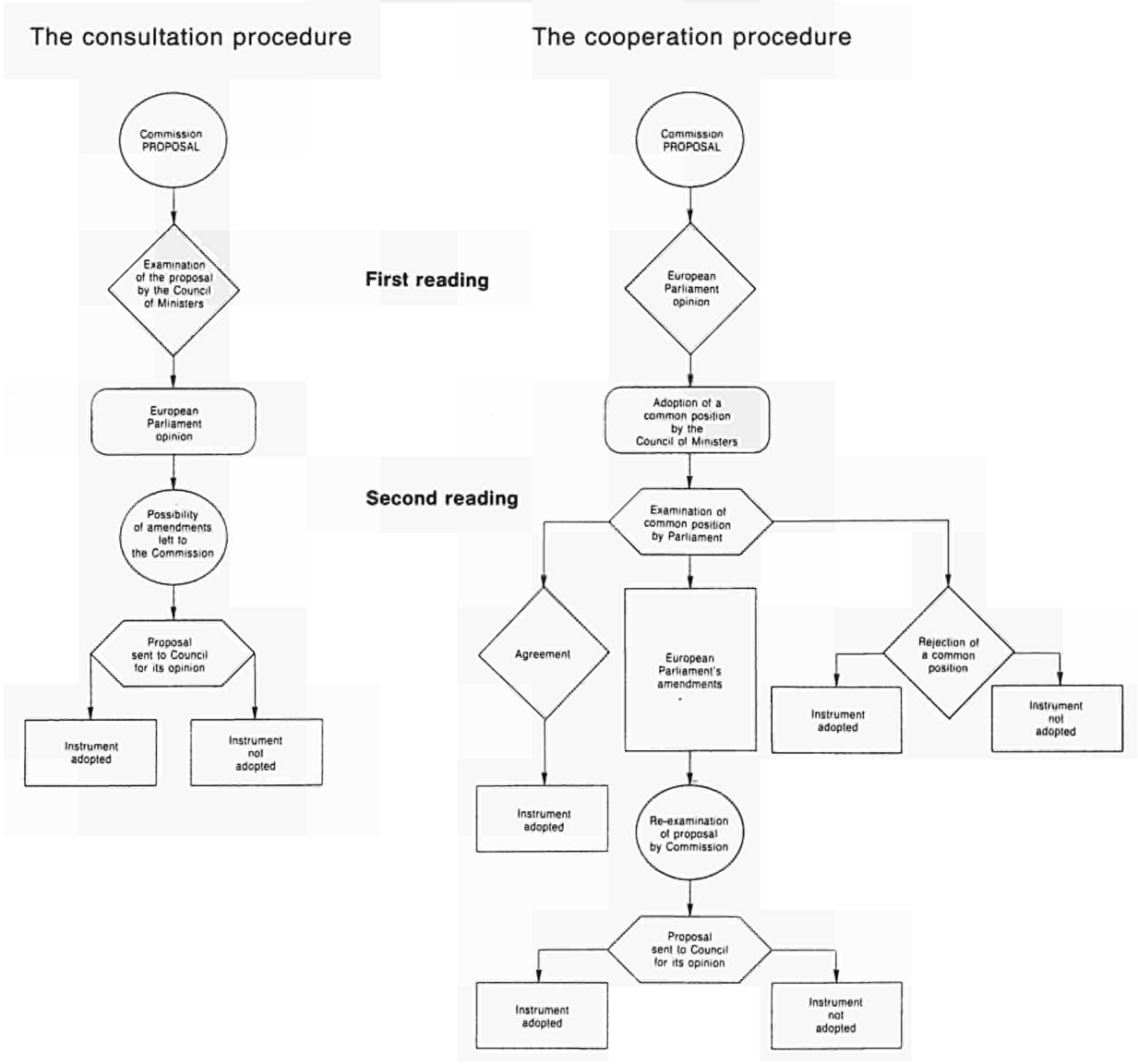
A decision is binding entirely on those to whom it is addressed. No national implementing legislation is required. The decisions summarized in this booklet are Council decisions although in certain cases the Commission has the power to adopt Commission decisions.

Recommendations

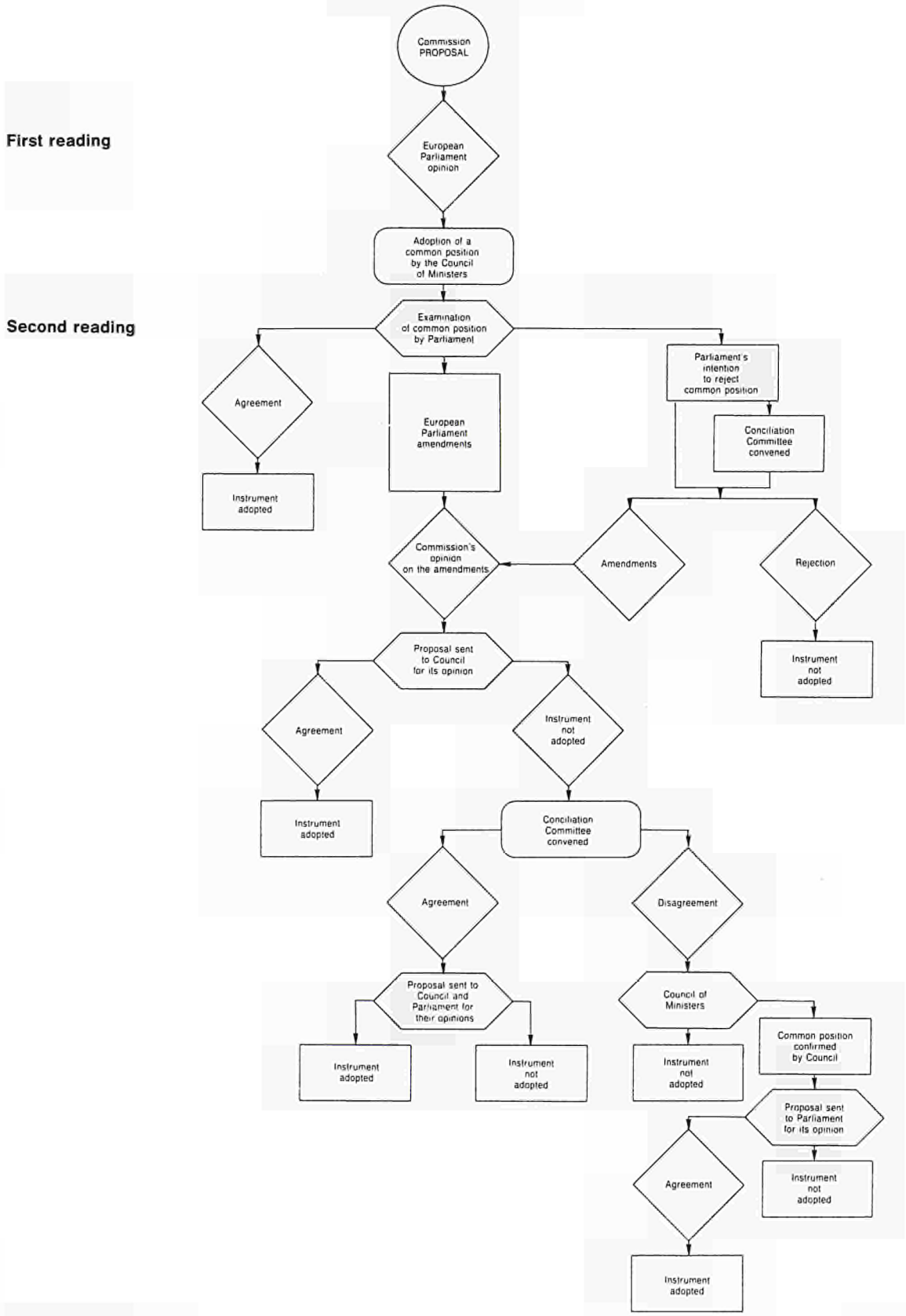
A recommendation has no binding effect (it is not a law). Recommendations can be adopted by both the Council and the Commission.

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

EC legislation from start to finish (directives and regulations)



Co-decision procedure



2. LEGISLATIVE PROCEDURES

The best way of illustrating the Community decision-making procedures is to describe the route leading to the adoption of a legislative instrument. The following text should be read in conjunction with the charts set out above.

Since the Treaty on European Union entered into force on 1 November 1993, four different procedures have existed for the adoption of a legislative instrument: the consultation procedure, the assent procedure, the cooperation procedure and the co-decision procedure.

The procedure to be followed is determined by the article of the EC Treaty on which the proposal is based and each Council instrument starts from a proposal addressed by the Commission to the Council.

Under the consultation procedure, the Council seeks the opinion of the European Parliament and, in most cases, that of the Economic and Social Committee. Once these opinions have been delivered, the Commission may amend its proposal, if it so wishes. The proposal is then examined by the Council, which may adopt it as it stands or after amending it. It can happen that the Council does not reach agreement, in which case the proposal remains 'on the table'.

Parliamentary approval is obligatory in all cases subject to the assent procedure — as regards the exercise of Community citizens' rights of free movement and residence. The instrument is either adopted or rejected. Where it is rejected, the Council has to re-examine the proposal until such time as Parliament gives its assent. Although unable to amend the text submitted to it, Parliament thus enjoys to all intents and purposes a right of veto.

The cooperation procedure allows Parliament to amend a proposal submitted to it not on one, but on two occasions. After consulting Parliament and the Economic and Social Committee and, where appropriate, the Committee of the Regions, the Council has to adopt a common position. This is then transmitted to Parliament, which has three months in which to accept it, reject it or propose amendments in second reading. The Commission re-examines its proposal in the light of Parliament's amendments and sends it to the Council, which has to take a final decision within three months. In the absence of a decision, the proposal will lapse.

The co-decision procedure is a three-phase procedure enabling Parliament to veto the proposals placed before it. It follows the same course as the cooperation procedure up to the second parliamentary reading. It differs from the latter procedure only in so far as it allows for the convening of a committee to elucidate certain aspects of the Council's position in cases where Parliament intends to reject the common position. This committee, which is known as the Conciliation Committee, consists of representatives of the Council and Parliament and involves the Commission in its work. Where Parliament has proposed amendments to the common position, the Commission issues its opinion on those amendments and the text is forwarded to the Council. Within three months (third phase), the Council either adopts the act or convenes the Conciliation Committee, which then has six weeks in which to negotiate a compromise between Parliament and the Council. If an agreement is found, Parliament and the Council can only approve or reject the text. Where there is disagreement, there are two possibilities:

(i) either the proposal lapses;

(ii) or Parliament adopts or rejects the initial common position as reaffirmed, and possibly amended, by the Council.

Prior to the entry into force of the Treaty on European Union, most matters now subject to this procedure were covered by the cooperation procedure: this was the case, for example, with the harmonization of legislation relating to the internal market, the free movement of workers and the mutual recognition of qualifications. The following table provides a full list of the areas falling within the scope of the co-decision procedure.

Scope of co-decision procedure

- Free movement of workers
- Freedom of establishment
- Mutual recognition of qualifications
- Services
- Harmonization of legislation on the internal market
- Education (incentive measures)
- Culture (incentive measures)
- Health (incentive measures)
- Consumer protection
- Trans-European networks (guidelines)
- Research (multiannual framework programme)
- Environment (action programme of a general nature)

The voting procedure within the Council (qualified majority or unanimous vote) depends on the article of the Treaty on which the proposal is based. There are some instances where Council unanimity is automatically required, namely:

(i) where amendments are made to the proposal on the Council's own initiative except in the case of the co-decision procedure Conciliation Committee;

(ii) where amendments are being made which have been proposed by Parliament but not endorsed by the Commission;

(iii) where a measure is being accepted after Parliament has rejected the Council's common position adopted under the cooperation procedure.

Only a limited number of decisions are summarized in this brochure. The European Parliament delivers an opinion on some of them, as do the Economic and Social Committee and the Committee of the Regions.

The same is true of recommendations, the list of which is also limited. In some cases, the European Parliament delivers an opinion before they are adopted and the Economic and Social Committee and the Committee of the Regions are consulted.

3. PUBLICATION OF TEXTS

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

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

In the case of proposals for legislation, the summary gives the Offical 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 30 June 1994.

A COMMON MARKET FOR SERVICES

4. TRANSPORT SERVICES

5. NEW TECHNOLOGIES AND SERVICES

INTRODUCTION

WHY A COMMON MARKET FOR SERVICES?

1957 — Treaty of Rome

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

Freedom of movement for individuals basically means that nationals of a Member State and, by extension, companies registered in that Member State are entitled to take up and pursue an occupation or business activities in other Member States. Freedom of movement for services entitles individuals, companies or firms to provide services in a Member State other than the one in which they are established.

Both these freedoms affect the service sector in that persons may provide services in a Member State other than their own either directly (services within the meaning of the Treaty) or through branches or subsidiaries (establishment within the meaning of the Treaty).

Although a customs union was soon established (1 July 1968), many administrative barriers which limited freedom to provide services and freedom of establishment still remained in place as a result of national regulations governing banking, insurance, transport and the professions or as a result of more general measures dealing, for example, with capital movements, standards, public contracts and frontier formalities.

1985 — White Paper

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

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

1987 — Single European Act

This Act, which entered into force on 1 July 1987 and amended the EEC Treaty, confirmed the objective of completing an area without frontiers by 1992 and the timetable set out in the 1985 White Paper. It adapted the Community's decision-making procedures and increased the scope for qualified majority (as opposed to unanimous) voting in the Council. It has facilitated the adoption of the measures envisaged in the White Paper.

1993 — Treaty on European Union

The Union Treaty, which came into effect on 1 November 1993, continues the single market process. It will enable common policies and measures to be implemented in support of economic integration by extending the Community's fields of responsibility (environment, trans-European networks, consumer protection, education, culture, vocational training), supplementing and adjusting the range of available legislative procedures and transferring to the European Community responsibility for certain matters currently dealt with at intergovernmental level.

The following matters now come under the co-decision procedure introduced by the Treaty: harmonization of national rules on the establishment and operation of the internal market,

coordination of national rules on the taking-up and pursuit of service activities, right of establishment, free movement of workers and mutual recognition of qualifications.

General situation

The service sector of the economy will undergo the most wide-ranging changes. The work programme for the sector has been completed in full, with the result that the freedom to provide services has become a reality as from 1993.

In general, leaving aside company law, the White Paper programme as far as it concerns the creation of the Community trade mark has already been, or will very shortly be, realized. The progress made, notably in the field of indirect taxation, has paved the way for the abolition of physical controls at borders.

Services

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

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

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

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

Financial services and capital movements

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

In such an increasingly global financial market, it is essential that Europe becomes an efficient and open financial centre if it is not to lose its market share and the employment that goes with it.

Furthermore, it is important that consumers should have access to a wide range of financial products and it is important too for the well-being of the manufacturing sector that the financial sector should be as competitive as possible.

In 1993 the measures aimed at giving practical shape to the European financial area, based as it is on an integrated securities market, a banking market and an insurance market, took effect. Any firm will be able to place securities on any stock exchange in the Community, while any individual will be able to acquire those securities. In addition, any bank or insurance company will be able to offer its products directly on any market in the Community without having to set up in business there. However, in order to ensure that interests, notably those of customers, are protected, this freedom to provide services will be based on harmonized rules laying down the common essential requirements to be met.

The general approach adopted to financial services is closely linked to the programme for liberalizing capital movements; such liberalization has become a reality for the 12 Member States since 1 January 1992. This liberalization of capital movements is contributing to economic and monetary integration. Capital mobility is essential, particularly for freedom to provide cross-border financial services, and is laying the foundations for a single financial area. Residents of any Member State now have access to the financial systems in other Member States and to all the financial products on offer in those countries. Similarly, there is no longer any restriction on capital transfers or any discrimination, particularly of a tax nature.

As a result, the date of 1 July 1990, when Directive 88/361/EEC on the liberalization of capital movements entered into force, also marked the starting point for the first stage of economic and monetary union.

Transport

The Community adopted a two-stage approach for the main transport sectors: road, sea and air. During the first stage, the objective was to liberalize transport services between Member States. During the second, the objective was to liberalize transport within Member States by opening up the national markets to non-resident carriers (cabotage).

As the rules governing the operation of the transport market have evolved, cabotage has been the basic principle since 1 January 1993; any transport enterprise established in a Member State may pursue its activity in any other Member State. Three conditions have to be met:

— the new rules must not lead to social dumping or predatory behaviour; for this reason, cabotage has been accompanied by harmonization of social conditions and by specific competition rules;

— competition must not be distorted as a result of provisions relating to the approximation of taxation on fuels and on the use of transport infrastructures;

— additional transitional periods have been needed for road passenger transport and for sea transport.

New technologies and services

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

The fragmentation of the Community into separate national markets and the ensuing proliferation of differing technical requirements reduces the scope for economies of scale, multiplies the costs of obtaining type-approvals, and renders less attractive the large-scale research which alone is capable of sustaining Europe's competitiveness in international markets.

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

Labour and the professions

The free movement of workers in the Community is a fundamental right established by the Treaty of Rome. This means that there must be no discrimination on grounds of nationality, between workers who are citizens of the Member States, as regards employment, remuneration and other working conditions, and the right to move freely within the Community in order to engage in paid employment. The Treaty also embodies the right of establishment (the right to take up and pursue self-employed activities) by EC nationals in a different Member State, as well as the freedom to provide services. On the subject of services, and in line with the aims of the White Paper, the Commission stressed in an interpretative communication dated 9 December 1993 that, in so far as the service in question suitably and satisfactorily fulfils the legitimate objective pursued by its own rules (public safety, public policy, etc.), a Member State cannot justify prohibiting the provision of a service in its territory by claiming that the way it fulfils the objective is different from that imposed on domestic service providers or service providers established in that Member State. Any ban or restriction on the activities of a service provider established in another Member State must therefore be justified and 'not excessive'.

There are links between the free movement of workers, employment and vocational training. The Community has therefore taken measures in all these areas.

Nationals of other Member States must be accorded the same priority on the labour market as nationals of the home Member State. The Community has accordingly paved the way for direct cooperation between the central labour departments in the Member States in order to coordinate and step up information measures with a view to making the labour market more transparent.

The vehicle for this cooperation is the Eures system for exchanging information on job vacancies and applications and on living and working conditions in the Member States.

The free movement of workers can also be facilitated by mutual recognition of diplomas and professional qualifications. A major advance was made at the end of 1988, when the Council adopted a Directive on a first general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration. This first step has been followed by the adoption of a second general system relating to other diplomas awarded on completion of a course of post-secondary studies of less than three years' duration and to certificates awarded on completion of a course of secondary studies.

Lastly, the right of residence, which had until then been granted only to workers, was extended to all individuals, thereby facilitating movement within the Community.

1. BANKING

Current position and outlook

The single market has been a reality in banking since 1 January 1993, when the Second Banking Directive entered into force (summary 1.3). This Directive confirms the principle of the single licence allowing banks and other credit institutions to offer services throughout the Community and establishes a list of banking services that can be provided on the basis of such a licence. It also lays down the minimum capital required for establishing a bank and rules on the supervision of internal management and the auditing of accounts.

The three pillars of the single market in banking are:

— essential harmonization in all Member States of the laws and practices governing access to banking activity, the capital required to cover both credit and market risks, the solvency ratio, the prevention of overlending to individual borrowers, the form and content of the annual and consolidated accounts published by banks, and the obligation to observe the various requirements of banking supervision on a consolidated basis;

— home-country control through coordination between national supervisory authorities, which means that a bank operating in other Member States will be supervised by the authorities in the country in which it has its registered office;

— mutual recognition by the national supervisory authorities of the rules and regulations in the countries of origin of the banks operating on their territory.

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

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

However, these rules will not be applied to countries that are signatories to the Marrakesh Agreement of 15 April 1994, in so far as the solutions arrived at in discussions that are to continue on the treatment of financial services result in application of the most-favoured-nation clause.

To ensure that all banks and other credit institutions in the Community can compete on an equal footing and to prevent registered offices being transferred to countries where supervision is less strict, the following measures supplementing the Second Banking Directive have been adopted:

— rules on the preparation and presentation of annual accounts and other accounting documents (summaries 1.6 and 1.7);

— rules designed to harmonize the concept of 'own funds' (summary 1.8);

— definition of a harmonized solvency ratio (summary 1.14);

— rules aimed at preventing use of the banking system for the purpose of money laundering (summary 1.15);

— rules on the supervision of credit institutions on a consolidated basis (summary 1.4);

— rules on the limitation of credit risks incurred by credit institutions (summaries 1.11 and 1.12);

— rules on the supervision of market risks incurred by credit institutions (summary 1.19);
— rules on deposit-guarantee schemes (summaries 1.9 and 1.10).

All but three of these measures have been in force since 1 January 1993: the Directive on large exposures came into force on 1 January 1994, the Directive on deposit-guarantee schemes, which enters into force on 1 July 1995, and the Directive on the supervision of market risks comes into force on 1 January 1996.

Two proposals are still under discussion. One is aimed at the approximation and mutual recognition of rules relating to the reorganization and winding-up of credit institutions (summary 1.5), while the other is designed to confer stronger powers on the supervisory authorities in areas where the BCCI affair has revealed loopholes. The latter proposal, which amends Directives 77/780/EEC and 89/646/EEC on credit institutions, also contains horizontal provisions affecting the directives relating to other financial institutions.

As part of the review of proposals pending in the light of the subsidiarity principle, the proposal for a Directive on mortgage credit will be withdrawn.

In the field of cross-border payments, the Commission has adopted three recommendations. One concerns the transparency of the banks' terms and conditions for carrying out cross-border financial transactions and is intended to make payment systems faster, less expensive and more reliable (summary 1.16). The other two concern a European code of practice for electronic payments (summary 1.17) and relations between card holders and card issuers (summary 1.18). Should a study that is currently in progress reveal that the recommendation on cross-border payments is not yielding satisfactory results, the Commission could consider proposing a directive to replace it.

1. BANKING

1.1. Right of establishment and freedom to provide services: self-employed activities

(1) Objective

To take an initial step towards introducing freedom of establishment and freedom to provide services in the financial sector.

(2) Community measures

Council Directive 73/183/EEC of 28 June 1973 on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of self-employed activities of banks and other financial institutions.

(3) Contents

1. The Directive is the first in a series aimed at introducing the right of establishment and freedom to provide services for all financial professions (see summaries 1.2 and 1.3).
2. Its scope is restricted to self-employed activities, excluding those of brokers. It does not apply to the provision of services, in connection with banks and other financial institutions, by self-employed intermediaries who move to a Member State other than that in which they are established, nor to services linked with capital movements provided by the managers and trustees of unit trusts. Similarly, certain services connected with securities and involving the transfer of the provider of the service to the country of the beneficiary are excluded, namely:
— receipt of orders to buy or sell;
— participation as intermediary in transfers outside the market and the recording of such transfers;
— information or advice given following a public offer;
— payment of coupons.
3. Member States are required to abolish restrictions which prevent those covered by the Directive from establishing themselves or from providing services in the host country under the same conditions and with the same rights as nationals of that country. Restrictions existing by reason of administrative practices which result in treatment being applied to those covered by the Directive that is discriminatory by comparison with that applied to nationals are also prohibited.
4. The Directive lists, by Member State, the existing restrictions which must be abolished.
5. It accords those covered the right to join, without discrimination, professional or trade organizations in the host Member State.
6. Any conditions (relating to official documents or of another nature) which a Member State requires its nationals to satisfy if they wish to pursue one of the activities covered by the Directive must not have the effect of discriminating against nationals of other Member States who wish to pursue the same activity.
7. As regards the names of foreign firms not established in the Member State in which they provide services, the original names may be used (pending harmonization in respect of legal protection of specific titles) provided that they leave no doubt as to their status under the national law to which they are subject; however, the host Member State may require prior registration on a special list of unestablished foreign providers of services.

	8. The Directive provides for close cooperation between the Commission and the competent authorities in the Member States.
(4) Deadline for implementation of the legislation in the Member States	1.1.1975, except for the derogation in respect of the Netherlands.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 194, 16.7.1973
(7) Follow-up work	See summaries 1.2 and 1.3.
(8) Commission implementing measures	

1. BANKING

1.2. Right of establishment and freedom to provide services: first Banking Directive

(1) Objective

To establish the conditions for a genuine common market in banking.

(2) Community measures

First Council Directive 77/780/EEC of 12 December 1977 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions.

Amended by the following measures:
Council Directive 85/345/EEC of 8 July 1985;
Council Directive 86/137/EEC of 17 April 1986;
Council Directive 86/524/EEC of 27 October 1986.

(3) Contents

1. This Directive represents further progress towards freedom of establishment and the freedom to provide services compared with Council Directive 73/183/EEC (summary 1.1).
2. It applies to the taking-up of the business of credit institutions (i.e. the business of receiving deposits from the public and granting loans) and not to the taking-up of the business of financial institutions in general; it lists the institutions which are excluded from the scope of the Directive (e.g. the central banks of Member States and post office giro institutions) and indicates on what conditions partial application or deferred application (on a temporary basis only) of the Directive may be permitted.
3. The essential requirements for authorization are as follows:
— the credit institution must possess separate own funds;
— the credit institution must possess adequate minimum own funds; and
— there must be at least two persons who effectively direct the business of the credit institution (and they must be of sufficiently good repute and possess sufficient experience to perform such duties).
4. The clause relating to the 'economic needs of the market' (used as a ground for refusing the right of establishment) was deleted although provision was made for a transitional period (however, this period was extended in the case of Greece by Directive 85/345/EEC).
5. Any application for authorization must be accompanied by a programme of operations (types of business envisaged, structural organization of the institution, etc.). Reasons must be given when an authorization is refused. When an authorization is accepted, the Commission must be notified for the purposes of publishing it in the *Official Journal of the European Communities*.
6. The setting-up of branches of credit institutions which have their head office in another Member State is subject to authorization according to the law and procedure applicable to credit institutions established in the host Member State. In the case of credit institutions possessing own funds, however, authorization may not be refused on the ground that the parent institution is established in a different legal form from that required in the host country. The Commission must also be notified of authorizations for branches.
7. Credit institutions exercising their activities in a Member State other than that of the head office may use their original name provided that this would not lead to any confusion as to which national laws govern

the parent company; however, the host Member State may, for reasons of clarification, require the name to be accompanied by an explanation.
8. The competent authorities must establish a system of observation ratios, to be managed by the Commission and the Advisory Committee (set up under the aegis of the Commission by the competent authorities of the Member States), for the purpose of monitoring the solvency and liquidity of credit institutions. This Committee lays down the method to be applied in calculating the ratios, guided at the same time by the technical consultations between the supervisory authorities of the categories of institutions concerned.
9. Close collaboration between the competent authorities of the Member States is necessary in order to facilitate the supervision of branches in the Member States, the examination of the conditions for their authorization and the monitoring of their liquidity and solvency.
10. Authorization issued to a credit institution may be withdrawn by the competent authorities only in the cases specified by the Directive (e.g. where no use is made of the authorization for a certain period, where the authorization has been obtained through irregular means, etc.). Reasons must be given for any withdrawal of authorization and those concerned must be informed; the Commission must also be notified.

(4) Deadline for implementation of the legislation in the Member States

Directive 77/780/EEC: 15.12.1979
Directive 85/345/EEC: 11.7.1985
Directive 86/137/EEC: 20.4.1986
Directive 86/524/EEC: 31.12.1986

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 322, 17.12.1977
Official Journal L 183, 16.7.1985
Official Journal L 106, 23.4.1986
Official Journal L 309, 4.11.1986

(7) Follow-up work

See summary 1.3.

On 28 July 1993 the Commission presented a proposal for a Council Directive amending Directives 77/780/EEC and 89/646/EEC (summary 1.3) in the field of credit institutions, Directives 73/239/EEC and 92/49/EEC in the field of non-life insurance (summary 2.11), Directives 79/267/EEC and 92/96/EEC in the field of life assurance (summary 2.9), and Directive 93/22/EEC (summary 3.9) in the field of investment firms in order to reinforce prudential supervision (COM(93) 363 final — Official Journal C 229, 25.8.1993).
The main aim of this Directive is to propose amendments to the framework Directives in the financial services sector. It is designed to strengthen certain aspects of the existing arrangements for financial supervision.
Firstly, it is proposed that, where a financial undertaking is part of a group, the group structure should be sufficiently transparent so as to enable the financial undertaking itself to be supervised effectively.
Secondly, it is proposed to make it compulsory for the head office of financial undertakings to be located in the same Member State as their registered office.
Thirdly, provision is made to ensure that adequate 'gateways' exist so that prudential information can be transmitted backwards and forwards

between competent authorities and certain other bodies which have been entrusted with specific tasks within each Member State.
Lastly, it is considered appropriate to require that auditors engaged in the preparation of financial undertakings' statutory accounts should communicate to the competent authorities irregular circumstances which come to their notice in the course of carrying out this activity.
On 9 March 1994 Parliament approved, in the first reading, the Commission's proposal subject to one amendment.
On 2 May 1994 the Commission submitted an amended proposal (COM(94) 170 final).
On 6 June 1994 the Council adopted a common position.

(8) Commission implementing measures

1. BANKING

1.3. Right of establishment and freedom to provide services: second Banking Directive

(1) Objective

To achieve the essential harmonization necessary and sufficient to secure the mutual recognition of authorizations and of prudential supervision systems, making possible the granting of a single licence recognized throughout the Community and the application of the principle of home-country control.

(2) Community measures

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

(3) Contents

1. This Directive, which supplements Council Directives 73/183/EEC and 77/780/EEC (summaries 1.1 and 1.2), is the main instrument for completing the single market in banking. It promotes both the right of establishment and the freedom to provide services.
2. The Directive applies to all credit institutions except those exempted by Directive 77/780/EEC, as last amended by Directive 86/524/EEC (summary 1.2). It lays down the conditions for partial exemption.
3. Persons or undertakings that are not credit institutions shall be prohibited from carrying on the business of taking deposits or other repayable funds from the public. This prohibition shall not apply to public authorities subject to regulations and controls intended to protect depositors and investors.
4. The competent authorities may not grant authorization where initial capital is less than ECU 5 million. However, Member States are free to grant authorization to particular categories of credit institution (cooperatives, building societies, etc.) whose initial capital is not less than ECU 1 million.
5. The competent authorities may not grant authorization for the taking-up of the business of credit institutions until they have been informed of the identities of the shareholders or members that have qualifying holdings and of the amounts of those holdings. They must refuse authorization if they are not satisfied as to the suitability of the above-mentioned shareholders or members.
6. Introduction of a single banking licence. This will allow a branch of an institution authorized in another Member State to be opened without authorization from the host Member State and the need for separate endowment capital. As a transitional measure covering the period 1991 to the end of 1992, the required initial endowment capital for the branch will not exceed 50% of the initial capital required by national rules for the authorization of credit institutions of the same nature.
7. There must be prior consultation with the competent authorities of the other Member State involved on the authorization of a credit institution which is a subsidiary of a credit institution authorized in another Member State or a subsidiary of the parent undertaking of a credit institution authorized in another Member State or controlled by the same persons, whether natural or legal, as control a credit institution authorized in another Member State.
8. Relations with third countries:

— Member States are to inform the Commission of any authorization they grant to a direct or indirect subsidiary of a parent undertaking which is governed by the laws of a third country and of any holding acquired by such a parent undertaking in a Community credit institution such that the latter would become its subsidiary;
— Member States are to inform the Commission of any general difficulties encountered by their credit institutions in establishing themselves or carrying on banking activities in a third country; the Commission is to draw up periodically a report examining the treatment accorded to Community credit institutions in third countries and to transmit it to the Council;
— where the Commission finds that a third country is not granting Community credit institutions effective market access comparable to that granted by the Community to credit institutions from that third country, it may ask the Council for the appropriate mandate for negotiation with a view to obtaining comparable competitive opportunities for Community credit institutions (the Council to decide by a qualified majority);
— where the Commission finds that Community credit institutions in a third country do not receive national treatment and that the conditions of effective market access are not fulfilled, it may initiate negotiations; this may also entail the limitation or suspension of decisions regarding requests for authorization from the third country in question for a maximum period of three months; any extension of that initial three-month period requires a qualified-majority decision by the Council.

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

10. Prohibition on credit institutions investing more than 15% of their own funds in an undertaking which is neither a credit institution, nor a financial institution, nor an undertaking carrying on an activity which is an extension of, or ancillary to, banking. Prohibition on such investments cumulatively exceeding 60% of a credit institution's own funds. Member States may allow these limits to be exceeded if they provide for 100% of the amounts by which qualifying holdings exceed those limits to be covered by own funds and for the latter not to be included in the calculation of the solvency ratio. Existing credit institutions with holdings exceeding the limits on the date of entry into force of the Directive have 10 years from that date in which to reduce those holdings.

11. 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 those activities in any Member State through branches or by providing services without a branch. Core banking activities falling within the scope of mutual recognition comprise:
— acceptance of deposits and other repayable funds;
— lending;
— financial leasing;
— money-transmission services;
— issuing and administering means of payment (credit cards, etc.);
— guarantees and commitments;

— trading for own account or for account of customers;
— participation in securities issues;
— advice to undertakings on capital structure, industrial strategy and related questions, and advice and services relating to mergers and the purchase of undertakings;
— money broking;
— portfolio management and advice;
— safekeeping and administration of securities;
— credit reference services;
— safe-custody services.

Similar rights are also accorded to financial institutions (i.e. institutions which are not banks) which satisfy the following conditions:

— they must be at least 90% owned by one or more credit institutions authorized in the same Member State and must, together with the owners, be subject to consolidated supervision;
— their commitments must be jointly and severally guaranteed by the owners.

12. Allocation of supervisory functions between home-country and host-country authorities. The home country has responsibility for overall solvency, while the host country supervises liquidity of branches on its territory. Exchanges of information and coordination in cases where the institution ceases to comply with one of the authorization conditions.

13. List of the areas in which technical adaptations may be made by the Commission under the regulatory committee procedure.

(4) Deadline for implementation of the legislation in the Member States

— 1.1.1993
— 1.1.1990: for Article 6(2) relative to the cancellation of capital endowment

(5) Date of entry into force (if different from the above)

(6) References

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

(7) Follow-up work

See summary 1.4.

On 28 July 1993 the Commission presented a proposal for a Council Directive amending Directives 77/780/EEC (summary 1.2) and 89/646/EEC in the field of credit institutions, Directives 73/239/EEC and 92/49/EEC in the field of non-life insurance (summary 2.11), Directives 79/267/EEC and 92/96/EEC in the field of life assurance (summary 2.9), and Directive 93/22/EEC (summary 3.9) in the field of investment firms in order to reinforce prudential supervision (COM(93) 363 final — Official Journal C 229, 25.8.1993).

The main aim of this Directive is to propose amendments to the framework Directives in the financial services sector. It is designed to strengthen certain aspects of the existing arrangements for financial supervision.

Firstly, it is proposed that, where a financial undertaking is part of a group, the group structure should be sufficiently transparent as to enable the financial undertaking itself to be supervised effectively.

Secondly, it is proposed to make it compulsory for the head office of financial undertakings to be located in the same Member State as their registered office.
Thirdly, provision is made to ensure that adequate 'gateways' exist so that prudential information can be transmitted backwards and forwards between competent authorities and certain other bodies which have been entrusted with specific tasks within each Member State.
Lastly, it is considered appropriate to require that auditors engaged in the preparation of financial undertakings' statutory accounts should communicate to the competent authorities irregular circumstances which come to their notice in the course of carrying out this activity.
On 9 March 1994 Parliament approved, in the first reading, the Commission's proposal subject to one amendment.
On 2 May 1994 the Commission submitted an amended proposal (COM(94) 170 final).
On 6 June 1994 the Council adopted a common position.

(8) Commission implementing measures

1. BANKING

1.4. Right of establishment and freedom to provide services: supervision of credit institutions on a consolidated basis

(1) Objective

To reinforce supervision of credit institutions belonging to a group, particularly by extending the scope of supervision on a consolidated basis to banking groups whose parent undertaking is not a credit institution.

(2) Community measures

Council Directive 92/30/EEC of 6 April 1992 relating to the supervision of credit institutions on a consolidated basis.

(3) Contents

1. This Directive replaces Council Directive 83/350/EEC, which covered only banking groups the parent undertakings of which are credit institutions, whereas this Directive applies to all banking groups, including those the parent undertakings of which are not credit institutions.
2. The scope includes:
— credit institutions within the meaning of the Banking Directives (those permanently excluded by Directive 77/780/EEC are covered, with the exception of Member States' central banks) (summaries 1.2 and 1.3);
— financial holding companies, i.e. undertakings the subsidiary undertakings of which are either exclusively or mainly credit institutions or financial institutions;
— mixed-activity holding companies, i.e. parent undertakings other than financial holding companies or credit institutions. The requirement that supervision of a credit institution whose parent company is a financial holding company should be carried out on the basis of its consolidated financial position constitutes the main innovation in this Directive.
3. Analysis of the cases where an individual enterprise which is a subsidiary or in which a participation is held may be excluded from consolidation.
4. The arrangements introduced set out to identify closely, according to the various practical situations possible, a means of pinpointing the competent authorities responsible for exercising supervision on a consolidated basis. Where this proves impossible, subsidiary criteria are envisaged for cases in which the authorities concerned are unable to agree among themselves. Where there is more than one competent authority responsible for the prudential supervision of credit and financial institutions, Member States would be required to take the requisite measures to organize coordination between those authorities.
5. The competent authorities responsible for exercising supervision on a consolidated basis must, for the purposes of supervision, require full consolidation of all the credit and financial institutions which are subsidiaries of a parent undertaking. A single exception is provided for, which covers the case where the responsibility of the parent undertaking is clearly limited to its part of the capital because of the subsidiary responsibility of other shareholders or members.
6. Pending further coordination of the consolidation methods, Member States must ensure that, where the parent undertaking of one or more credit institutions is a mixed-activity holding company, the competent authorities responsible for the authorization and supervision of those

credit institutions require the mixed-activity holding company and its subsidiaries to supply any information necessary for supervision on a consolidated basis to be exercised.
In the case of groups headed by a financial holding company or mixed-activity holding company, the competent authorities in the country in which the parent undertaking is situated do not themselves exercise supervision on a consolidated basis where that group does not include a credit institution established in the same country. However, they must obtain from that parent undertaking the necessary information for supervision on a consolidated basis to be exercised and must transmit it to the competent authorities charged with carrying out that supervision.
7. Supervision on a consolidated basis is all the more effective if it can be exercised on a world basis or at any rate on the widest possible geographical basis. It is therefore necessary to ensure that there are no impediments in third countries to the transfer of the necessary information and, where such impediments do exist, to endeavour to remove them for the purposes of consolidated supervision by means of agreements with the countries in question.
8. The Directive amends Council Directives 89/299/EEC (summary 1.8) and 89/647/EEC (summary 1.14).

(4) Deadline for implementation of the legislation in the Member States

1.1.1993

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 110, 28.4.1992

(7) Follow-up work

(8) Commission implementing measures

1. BANKING

1.5. Reorganization and winding-up of credit institutions

(1) Objective	To establish mutual recognition by Member States of the steps taken by each of them to resolve the financial difficulties of its own establishments.
(2) Proposal	Proposal for a Council Directive on the coordination of laws, Regulations and administrative provisions relating to the reorganization and the winding-up of credit institutions and deposit-guarantee schemes.
(3) Contents	1. Definition of 'reorganization measures' as those measures which are intended to safeguard or restore the financial situation of a credit institution, e.g. total or partial suspension of activities, the power to appoint an official to investigate the state and conduct of an authorized institution. 2. Rules for the application of reorganization measures to credit institutions having their head office within the Community, e.g. respective roles of home and host country regulatory authorities. 3. Corresponding rules for the application of reorganization measures to credit institutions having their head office outside the Community. Responsibility lies with the authorities in the host Member State, except where bilateral agreements exist with the home country. 4. Rules for the winding-up of credit institutions having their head office within the Community, e.g. role of the regulatory authorities, effect on banking authorization, cross-frontier powers of liquidators. 5. Corresponding rules for winding-up credit institutions having their head office outside the Community. 6. Existing Member State deposit-guarantee schemes should cover deposits in branches of institutions having their head office in other Member States. Pending the introduction of schemes in all Member States, Member States with schemes should extend the cover to deposits in branches of their institutions in other Member States with no scheme, and do so under the same conditions as apply to domestic deposits. 7. Annex of reorganization measures in each Member State.
(4) Opinion of the European Parliament	First reading: The European Parliament approved the Commission's proposal subject to certain amendments. These amendments concern, in particular, the publication in the Official Journal of extracts from the decision ordering the reorganization measure, when an appeal against this decision is possible. The European Parliament asks that a second annex be added defining the winding-up procedures referred to in the Directive.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 23 December 1985. First reading: On 13 March 1987 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 4 January 1988.

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

(6) References

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

1. BANKING

1.6. Annual accounts of banks and other financial institutions

(1) Objective	To harmonize the format and contents of the annual accounts of all financial institutions within the Community.
(2) Community measures	Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.
(3) Contents	1. The Directive applies to most credit institutions (e.g. banks) and other financial institutions with a few exceptions such as: — Greece: Eteba (National Investment Bank for Industrial Development); — Ireland: industrial and provident societies. 2. Standard balance sheet layout. Assets and liabilities are presented in decreasing order of liquidity. 3. Special provisions for certain balance sheet items such as cash in hand, treasury bills, loans and advances to credit institutions amounts owed to credit institutions, etc. 4. Two standard profit-and-loss account layouts: there is a vertical layout and a horizontal layout. 5. Special provisions on certain items in the profit-and-loss account such as interest receivable, income from securities, net profit or loss on financial operations, etc. 6. Valuation rules for assets, financial fixed assets, securities held by credit institutions, transferable securities, loans and advances, variable-yield securities, and assets and liabilities denominated in foreign currency. 7. Detailed list of the required contents of the notes on the accounts. 8. Separate provisions relating to the drawing up of consolidated accounts. 9. Publication of annual accounts as laid down by national law. Where the annual report is not published, copies must be available at a price which does not exceed their administrative cost. 10. Special concessions for public savings banks. Where statutory auditing is reserved for an existing supervisory body a separate audit requirement need not be imposed.
(4) Deadline for implementation of the legislation in the Member States	31.12.1990
(5) Date of entry into force (if different from the above)	Banks must apply the Directive, at the latest, for the financial year beginning on 1 January 1993 or during the calender year 1993.
(6) References	Official Journal L 372, 31.12.1986
(7) Follow-up work	On 1 September 1993 the Commission presented a report, in accordance with Article 2(3) of Council Directive 86/635/EEC, on the use of derogating rules providing for adaptations to the layout,

nomenclature, terminology and content of items in the balance sheet and the profit-and-loss account (COM(93) 414 final).
According to the report, the position at 1 May 1993 was as follows: eight Member States (Belgium, Denmark, Greece, Spain, France, Italy, Ireland and Luxembourg) had not adopted any derogating rules; in Greece, transposition of the Directive was not yet complete, although the existing situation precluded any possibility of derogation. The following four countries had introduced derogating rules: Germany, the Netherlands, Portugal and the United Kingdom.

(8) Commission implementing measures

1. BANKING

1.7. Accounting documents of branches of foreign credit and financial institutions

(1) Objective	To remove the need for branches of foreign banks and other financial institutions having their head office in another Member State or in a non-member country to publish separate annual accounts.
(2) Community measures	Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents.
(3) Contents	1. The Directive applies to all EC branches of banks and other financial institutions which have their head offices outside the Member State where the branch is established. 2. The Directive abolishes present requirements of Member States to publish separate branch accounts. Documents which are to be published by branches of credit institutions and financial institutions having their head office in another Member State include their 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. Pending further coordination, Member States may require branches to publish additional information such as income and costs, and the total claims and liabilities attributable to the branch. Five years after 1 January 1993, the Council will examine and, if need be, revise this provision with a view to eliminating such additional information. 3. Documents to be published by branches of credit institutions and financial institutions having their head office in a non-member country are the same as at paragraph 2; and are to be drawn up and audited as required by the non-member country. However, if the rules in question are not in conformity with EC accounting requirements, Member States may require branches to publish annual accounts relating to their own activities. 4. Member States may require that the documents be published in their official language(s) and that the translation of such documents be certified.
(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	1 January 1993 or during the calendar year 1993, under the same conditions as for Council Directive 86/635/EEC (summary 1.6).

(6) References

Official Journal L 44, 16.2.1989

(7) Follow-up work

(8) Commission implementing measures

1. BANKING

1.8. Own funds

(1) Objective

To lay down common basic rules for the own funds of all credit institutions authorized to do business in the Community.

(2) Community measures

Council Directive 89/299/EEC of 17 April 1989 on the own funds of credit institutions.

Amended by the following measures:
Council Directive 91/633/EEC of 3 December 1991;
Council Directive 92/16/EEC of 16 March 1992.

(3) Contents

1. The Directives include a definition of own funds that divides the items which may be included into two categories:
— core capital (original own funds) consists of the highest quality items (capital and disclosed reserves). Funds for general banking risks (FGBR) also fall into this category;
— supplementary capital (additional own funds) consists of such items as revaluation reserves, securities of indeterminate duration, hidden reserves, commitments of members of cooperative societies and subordinated loans.
2. The supplementary capital included in the original own funds may not exceed 100% of the core capital. In addition, commitments of members of cooperative societies and subordinated loans may not exceed 50% of the core capital.
3. One item (funds for general banking risks) is provisionally excluded from both categories; it is therefore included in own funds without limit but is not used in determining the limit for the items in the second category.
4. The Directives also list the items which must be deducted from own funds and specifies how own funds are to be calculated on a consolidated basis.
5. Member States remain free to apply stricter rules.
6. Directive 92/16/EEC introduces a temporary derogation for Danish mortgage credit institutions and sets up a regulatory committee to assist the Commission in making future technical adaptations.

(4) Deadline for implementation of the legislation in the Member States

— Directive 89/299/EEC: 1.1.1991
— Directive 91/633/EEC: 1.1.1993
— Directive 92/16/EEC: 1.1.1993

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 124, 5.5.1989
Official Journal L 339, 11.12.1991
Official Journal L 75, 21.3.1992

(7) Follow-up work	Directive 89/299/EEC is amended by Council Directive 92/30/EEC (summary 1.4). An examination of the definition of own funds with a view to uniform application of the common definition is planned for not later than 1 January 1998.
(8) Commission implementing measures	

1. BANKING

1.9. Deposit-guarantee schemes

(1) Objective	To lay down harmonized minimum requirements for deposit-guarantee schemes and to encourage the introduction of such schemes by all Member States.
(2) Community measures	Commission Recommendation 87/63/EEC of 22 December 1986 concerning the introduction of deposit-guarantee schemes in the Community.
(3) Contents	1. In the event of the winding-up of a credit institution revealing insufficient assets, conditions applicable to deposit-guarantee schemes already operational in some Member States. 2. Member States with plans for introducing schemes should check that the minimum requirements are met and should adopt such schemes by 31 December 1988. 3. Member States which do not have deposit-guarantee schemes covering all their credit institutions and which have no plans for such schemes should draw up plans for such a scheme or schemes meeting the minimum requirements and should ensure that it or they are in force by 1 January 1990. 4. Member States must inform the Commission of any changes made to their deposit-guarantee schemes and of all measures or plans adopted in connection with the Recommendation.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 33, 4.2.1987
(7) Follow-up work	A proposal for a Directive drawn up by the Commission (summary 1.10).
(8) Commission implementing measures	

1. BANKING

1.10. Deposit-guarantee schemes (Directive)

(1) Objective

To protect throughout the territory of the European Union the depositors of all credit institutions and to safeguard the stability of the banking system as a whole.

(2) Community measures

European Parliament and Council Directive 94/19/EC of 16 May 1994 on deposit-guarantee schemes.

(3) Contents

1. Definition of the term 'deposit': any credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution must repay under the legal and contractual conditions applicable, and any debt evidenced by a certificate issued by a credit institution. For the purpose of calculating a credit balance, Member States shall apply the rules and regulations relating to set-off and counterclaims according to the legal and contractual conditions applicable to a deposit.
2. Definitions of the terms 'joint account', 'unavailable deposit', 'credit institution' and 'branch'.
3. Certain deposits and all instruments which would fall within the definition of 'own funds' of credit institutions are excluded from any repayment by guarantee schemes.
4. The Directive requires each Member State to ensure that within its territory one or more deposit-guarantee schemes are introduced and officially recognized. (However, if certain conditions are satisfied — including equivalent protection for depositors — a Member State may exempt a credit institution from belonging to a deposit-guarantee scheme where that credit institution belongs to a scheme which ensures the continued operation of its member institutions.
5. Procedure to be followed where a credit institution does not comply with the obligations incumbent on it as a member of a deposit-guarantee scheme (sanction going as far as withdrawal of the credit institution's authorization).
6. Deposit-guarantee schemes introduced and officially recognized in a Member State shall cover the depositors at branches set up by credit institutions in other Member States. However, until 31 December 1999, neither the level nor the scope, including the percentage, of cover provided shall exceed the maximum level or scope of cover offered by the corresponding guarantee scheme within the territory of the host Member State (non-export clause). This period could possibly be prolonged, on a proposal from the Commission.
7. Rules on branches voluntarily joining deposit-guarantee schemes of host Member States ('topping-up' clause).
8. The Commission is required to report on the operation of the Directive no later than 31 December 1999.
9. Deposits held when the authorization of a credit institution is withdrawn shall continue to be covered by the guarantee scheme.
10. Branches established by a credit institution which has its head office outside the Community must have cover (and be given information) equivalent to that prescribed by the Directive; failing that, host Member States may require them to join deposit-guarantee schemes in operation within their territories. However, such branches

must provide actual and intending depositors with information concerning the guarantee arrangements covering their deposits.
11. The Directive provides that deposit-guarantee schemes shall normally cover the aggregate deposits of each depositor up to ECU 20 000 in the event of deposits being unavailable. This amount is periodically reviewed. In cases where, when the Directive is adopted, deposits are not covered up to that amount, Member States may limit the guarantee to ECU 15 000 until 31 December 1999. However, certain depositors or deposits may be excluded or granted a lower level of guarantee by Member States. In addition, higher or more comprehensive cover is permitted in certain cases, e.g. on social considerations.
12. Where the depositor is not absolutely entitled to the sums held in an account, it is normally the person who is absolutely entitled who is covered by the guarantee; if there are several persons who are absolutely entitled, the share of each shall be taken into account. This shall not apply to collective investment undertakings.
13. Provisions concerning the information to be made available to depositors.
14. Duly verified claims must be paid within three months of the date on which the competent authorities establish that deposits are unavailable. In exceptional circumstances and in special cases an extension of the time limit of not more than three months may be applied for.
15. Certain credit institutions authorized in Spain or in Greece and listed in an annex to the Directive shall be exempt from the requirement to belong to a deposit-guarantee scheme until 31 December 1999. Their branches in other Member States may be required by the host Member State to belong to a local guarantee scheme.
16. In its list of authorized credit institutions the Commission shall indicate the status of each credit institution with regard to the Directive.

(4) Deadline for implementation of the legislation in the Member States	1.7.1995
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 135, 31.5.1994
(7) Follow-up work	
(8) Commission implementing measures	

1. BANKING

1.11. Monitoring of large exposures

(1) Objective	To introduce common rules for the monitoring of large exposures, i.e. where a large proportion of the loans of a credit institution (e.g. a bank) is made to a single client or group of related clients.
(2) Community measures	Commission Recommendation 87/62/EEC of 22 December 1986 on monitoring and controlling large exposures of credit institutions.
(3) Contents	1. A large exposure to a client or group of connected clients is defined as 15% or more of a credit institution's own funds. 2. Credit institutions may not incur an exposure to a single client or group of clients that exceeds 40% of own funds. 3. Aggregate large exposures may not exceed 800% of own funds. 4. Large exposures must be reported to the regulatory authorities at least once a year. 5. Special provisions for EEC branches of third-country banks when they are covered by bilateral agreements. 6. Exchanges of information between Member States. 7. Provisions concerning supply of information for controlling large exposures. Member States must ensure that there are no legal barriers to the supply of relevant information by a credit or financial institution to an institution which has a participation in it.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 33, 4.2.1987
(7) Follow-up work	A Directive was adopted by the Council on 21 December 1992. It contains stricter standards than those in the Recommendation (summary 1.12).
(8) Commission implementing measures	

1. BANKING

1.12. Monitoring of large exposures: new standards

(1) Objective

To harmonize essential supervisory rules in order to prevent distortion of competition.

(2) Community measures

Council Directive 92/121/EEC of 21 December 1992 on monitoring and controlling large exposures of credit institutions.

(3) Contents

1. Definitions of the terms 'credit institution', 'competent authorities', 'parent undertaking', 'subsidiary undertaking', 'financial holding company', 'financial institution', etc.
2. The Directive applies to all Community credit institutions which have obtained the authorization referred to in Council Directive 77/780/EEC (summary 1.2). However, Member States need not apply the Directive to institutions permanently excluded from the scope of Directive 77/780/EEC, such as central banks, post office giro institutions and certain particular institutions in each Member State, or to credit institutions permanently affiliated to a central body which supervises them and which is established in the same Member State.
3. Credit institutions must report all large exposures to the competent authorities. Such notification is compulsory, either at least once a year or at least four times a year. In the former case, however, notification is backed up by communication during the year of all new large exposures and any increase in existing large exposures of at least 20% compared with the last communication. A large exposure to a client or group of connected clients is defined as one whose value is equal to or exceeds 10% of the lending institution's own funds. However, the reporting of certain exposures is not compulsory; in other cases, the reporting frequency may be reduced to twice a year.
4. A credit institution may not incur an exposure to a client or group of connected clients where its value exceeds 25% of own funds. This limit is 20% in the case of exposures incurred to the parent undertaking of the lending institution and the subsidiaries of that parent undertaking. It need not be complied with if the Member States provide for specific monitoring of such exposures by other measures or procedures (in such cases, they inform the Commission and the Banking Advisory Committee of the content of those measures or procedures). A credit institution may not incur large exposures which, in the aggregate, exceed 800% of own funds.
5. The Directive provides for derogations from the abovementioned limits as follows:
— Member States may impose more stringent rules than those laid down in the Directive; where the limits laid down are exceeded and circumstances warrant it, Member States may also allow the credit institution a short period of time in which to comply with those limits;
— Member States may fully or partially exempt from application of the limits laid down by the Directive: (a) credit institutions whose parent undertakings, together with any other subsidiaries of those parent undertakings, are financial holding companies, credit institutions, financial institutions or undertakings providing ancillary banking

	services, provided that all of those undertakings are included in the consolidated supervision of the credit institution, and (b) certain specific exposures secured by special guarantees. 6. Credit institutions may not increase exposures already incurred at the date of publication of the Directive beyond the limits laid down by the Directive. The competent authorities will require credit institutions to take the necessary measures to bring the exposures in question into line with the levels laid down by the Directive by 31 December 2001 at the latest. The competent authorities must inform the Commission and the Banking Advisory Committee of the schedule for the general process adopted. Until 31 December 1998, Member States have the option of laying down less strict exposure limits than those provided for in the Directive (40% instead of 25%, and 30% instead of 20%). The deadline for bringing the exposures existing at the end of this period into line with the general levels laid down in the Directive is 31 December 2001.
(4) Deadline for implementation of the legislation in the Member States	1.1.1994
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 29, 5.2.1993
(7) Follow-up work	
(8) Commission implementing measures	

1. BANKING

1.13. 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. Obligation on Member States to supervise mortgage institutions from other Member States operating on their territory in close cooperation with the supervisory authorities of the home Member State. The home Member State must first confirm that the institution is financially sound. Supervision is then performed by the host Member State.

(4) Opinion of the European Parliament

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 24 January 1985.

First reading: On 19 February 1987 Parliament approved the Commission proposal subject to amendments. The Commission accepted some of the amendments.

The Commission presented an amended proposal on 22 June 1987.

(6) References

Commission proposal	
COM(84) 730 final	Official Journal C 42, 14.2.1985
Amended proposal	
COM(87) 255 final	Official Journal C 161, 19.6.1987
European Parliament opinion	
First reading	Official Journal C 76, 23.3.1987
Economic and Social Committee opinion	Official Journal C 344, 31.12.1985

1. BANKING

1.14. Solvency ratios

(1) Objective

To contribute to the harmonization of prudential supervision and to strengthen solvency standards among Community credit institutions, thereby protecting both depositors and investors as well as maintaining banking stability.

(2) Community measures

Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions.

(3) Contents

1. The ratio proposed by the Commission applies to credit institutions defined in Directive 77/780/EEC (summary 1.2). The own funds of each credit institution are expressed as a proportion of the risk-adjusted value of its assets and off-balance-sheet business. This relates primarily to the credit risks associated with counterpart default, and a distinction is made between the degrees of risk associated with particular assets and off-balance-sheet items, and with particular categories of borrower.
Distinctions are also made both between the nature and origin of borrowers, for example:
— central banks, governments, credit institutions and non-bank sectors;
— borrowers in the EC and in the OECD, and foreign (i.e. non-EC and non-OECD) borrowers.
2. Weightings vary from 0%, for such low-risk items as claims on EC Member States' central governments and central banks, to 100% for such high-risk items as those representing claims on the non-bank sector. The minimum weightings may be increased by Member States if they deem it expedient.
3. Special treatment of off-balance-sheet items, e.g. the credit equivalent value of low- to high-risk items is taken into account and multiplied by the weighting assigned to the relevant counterparties.
4. System of mutual recognition of weightings of asset items representing claims on Member States' regional governments and local authorities and of off-balance-sheet items subscribed to on behalf of these bodies.
5. The prescribed minimum ratio is 8%. The Directive does not prevent Member States independently setting a higher ratio. After 1 January 1993, credit institutions will be required to maintain at all times a ratio of at least 8%. If a credit institution's ratio should fall below 8% (or below the higher national requirement), the appropriate supervisory authorities must ensure that the situation is restored.
6. Common definitions and techniques for verification and control are established.
7. Technical adaptations to the Directive are made by a simplified procedure involving a committee composed of representatives from the Member States and chaired by the Commission. Such adaptations include the extension to branches of third-country banks of the same weightings as those applicable to institutions in the Community where the risks are considered to be equivalent.

(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 386, 30.12.1989
(7) Follow-up work	The Directive is amended by Council Directive 92/30/EEC (summary 1.4).
(8) Commission implementing measures	— Directive 91/31/EEC — Official Journal L 17, 23.1.1991 Commission Directive of 19 December 1990 adopting a Directive adapting the technical definition of 'multilateral development banks', mentioned in Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions. This Directive includes the technical definition of the European Bank for Reconstruction and Development. — Commission report to the Council of 1 September 1993 under Article 1(4) of Directive 89/647/EEC on the exemptions granted by Member States to certain specialized credit institutions (COM(93) 391 final). In the report the Commission informs the Council that the exemption mechanism provided for in the Directive has been used in only one country and has caused no distortions of competition. — Commission report to the Council of 1 September 1993 under Article 8(3) of Directive 89/647/EEC on the weightings applied by Member States on the basis of Article 8(1) and (2) (COM(93) 392 final). In the report the Commission informs the Council that the specific weightings applied by Member States pursuant to the Directive have caused no distortions of competition. — Directive 94/7/EC — Official Journal L 89, 6.4.1994 Commission Directive of 15 March 1994 technically adapting Council Directive 89/647/EEC on a solvency ratio for credit institutions concerning the technical definition of 'multilateral development banks'. This Directive includes the European investment funds in the list of 'multilateral development banks'.

1. BANKING

1.15. Money laundering

(1) Objective

To eliminate the dangers associated with the laundering of the proceeds of criminal activities to safeguard the integrity of the European financial market.

(2) Community measures

Council Directive 91/308/EEC of 10 June 1991 on prevention of use of the financial system for the purpose of money laundering.

(3) Contents

1. Definitions of the terms 'credit institution', 'financial institution', 'money laundering', 'property', 'serious crime' and 'competent authorities'.
2. The Directive applies to credit institutions, financial institutions including life assurance companies, and professions and undertakings whose activities are particularly likely to be used for money-laundering purposes.
3. Member States must prohibit money laundering and introduce appropriate penalties.
4. Credit and financial institutions must require identification of all their customers by means of supporting evidence:
— when entering into business relations, particularly when opening an account or savings accounts, or when offering safe-custody facilities;
— for any transaction involving a sum amounting to ECU 15 000 or more, whether the transaction is carried out in a single operation or in several operations which seem to be linked.
5. Identification is not required in the case of:
— life assurance policies where it is established that the amount of the periodic premiums to be paid in any given year does not exceed ECU 1 000 or where a single premium is paid amounting to ECU 2 500 or less;
— insurance policies in respect of pension schemes taken out by virtue of a contract of employment or the insured person's occupation, provided that such policies contain no surrender clause and may not be used as collateral for a loan;
— insurance policies in respect of the transactions referred to above, where it is established that the payment for the transaction is to be debited from an account opened in the customer's name with a credit institution subject to the identification requirement.
6. Where necessary, credit and financial institutions must take reasonable measures to obtain information as to the real identity of the persons on whose behalf those customers are acting.
7. However, where credit and financial institutions suspect that money laundering is involved, they must identify such customers even where the amount of the transaction is lower than the threshold laid down. The identification requirement does not apply where the customer is also a credit or financial institution covered by this Directive.
8. Credit and financial institutions are required to keep evidence of identity for at least five years after the relationship with their customer has ended, as well as supporting evidence and records of all types of transaction.

	9. Credit and financial institutions must examine with special attention any transaction which they regard as particularly likely, by its nature, to be related to money laundering. They must refrain from carrying out suspect transactions until they have informed the authorities responsible for combating money laundering. Where to refrain in such a manner is impossible or is likely to frustrate efforts to pursue the beneficiaries of the operation, the institutions concerned must report the matter immediately afterwards. 10. These establishments must cooperate with the authorities responsible for combating money laundering by: — informing them, on their own initiative, of any fact which might be an indication of money laundering; — furnishing them, at their request, with all necessary information. 11. The disclosure of such information to the authorities responsible for combating money laundering will not involve the institution, its directors or employees in liability of any kind and may be used only in connection with the combating of money laundering. However, Member States may also, if they have adopted the necessary provisions, use such information in investigating other offences connected with money laundering or for other purposes under national law. 12. A contact committee has been set up to improve coordination of national implementing measures.
(4) Deadline for implementation of the legislation in the Member States	1.1.1993
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 166, 28.6.1991
(7) Follow-up work	
(8) Commission implementing measures	

1. BANKING

1.16. Transparency of banking conditions relating to cross-border financial transactions

(1) Objective	To enhance the transparency of information and invoicing rules relating to cross-border financial transactions.
(2) Community measures	Commission Recommendation 90/109/EEC of 14 February 1990 on the transparency of banking conditions relating to cross-border financial transactions.
(3) Contents	1. 'Institutions' means all legal persons, and in particular credit institutions and postal services, providing facilities for effecting or facilitating cross-border transfers. 2. Institutions which carry out cross-border financial transactions are encouraged to apply the following principles: — supply customers with easily understandable and readily available information on cross-border financial transactions; — give details of the commission fees and charges invoiced and the exchange rate applied in the statement relating to the transaction; — execute transfer orders very swiftly in order to avoid penalizing cross-border transactions; — deal rapidly with complaints in connection with the execution of a transaction or the statement relating to it; — ask the Member States to appoint the body (or bodies) to whom complaints should be directed with a view to publishing a list in the *Official Journal of the European Communities* (to be notified prior to 30 September 1990).
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 67, 15.3.1990
(7) Follow-up work	
(8) Commission implementing measures	

1. BANKING

1.17. Payment systems: electronic payments

(1) Objective	Standardization of payment card systems for all electronic card-holders to all distribution networks.
(2) Community measures	Commission Recommendation 87/598/EEC of 8 December 1987 on a European code of conduct relating to electronic payments.
(3) Contents	1. Recommendation that all interested parties concerned should comply with the provisions of the 'European code of conduct' relating to electronic payments. This has been drafted by the European Commission and will promote: — security and convenience for consumers; — greater security and efficiency for traders and issuers. 2. Definitions of 'electronic payment', 'issuer' (bank), 'trader', 'consumer' and 'interoperability'. 3. General principles relating to the contract between issuers (banks) and traders or consumers, e.g. it shall set out in detail the general and specific conditions of the agreement; the contract shall be drawn up in the official language(s) of the Member State in which it is concluded. 4. Obligation for interoperability to be full and complete before 31 December 1992. This will enable traders and consumers to join the networks or contract with the issuers of their choice, and ensure that every electronic payment terminal is able to process all cards. 5. Respect of privacy of information given by consumer. Right of fair access to the system for traders, irrespective of their size. 6. Obligations concerning relations between issuers and traders: — including a ban on any exclusive trading clause which requires the trader to operate only one system, and — an obligation on card-holders to take all reasonable precautions to ensure the safety of the payment card.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 365, 24.12.1987
(7) Follow-up work	
(8) Commission implementing measures	

1. BANKING

1.18. Payment systems: relationship between card-holder and card-issuer

(1) Objective

To give greater protection to consumers through the adoption of regulations applicable to all types of financial services, in particular those relating to payment methods and the purchasing of goods and services.

(2) Community measures

Commission Recommendation 88/590/EEC of 17 November 1988 concerning payment systems, and in particular the relationship between card-holder and card-issuer.

(3) Contents

1. The Recommendation stipulates that consumers must receive adequate information concerning the terms of contract, particularly with regard to the fees and other costs, if any, payable by consumers, and also concerning their rights and contractual obligations.
2. It stipulates that consumers would be better protected if contracts were made in writing and contained minimum particulars concerning the contractual terms, in particular an indication of the period of time within which operations will normally be credited, debited or invoiced.
3. No payment device, whether in the form of a plastic card or otherwise, must be dispatched to a consumer except in response to an application from such person. The contract concluded between the consumer and the issuer of the payment device must not take effect until the consumer has received the payment device and has been informed of the applicable terms of contract.
4. Operations authorized by issuing bodies must be recorded in order that operations can be traced and errors rectified. Payment instructions communicated electronically by a contracting holder should be irrevocable, so that a payment thereby shall not be reversed.
5. The contracting holder must receive a written statement of the operations effected by means of a payment device.
6. The Recommendation provides for the fixing of common rules concerning the issuer's liability:
— for non-execution or erroneous execution of a contracting holder's payment instructions and allied operations;
— for operations which have not been authorized by the contracting holder, subject to the contracting holder's own obligations in the event of lost, stolen or copied payment devices.

Common terms of contract have also been drawn up concerning the consequences to the contracting holder in the event of lost, stolen or copied payment devices.
7. For the purpose of ensuring that electronic payment networks can function and payment devices be used internationally, it is necessary that data relating to a contracting card-holder can be transmitted across frontiers, subject to certain conditions.
8. Annex describing the various operations used to effect payment. Definitions of the terms 'payment device', 'issuer', 'system provider', 'contracting holder' and 'company-specific card'.

(4) Deadline for implementation of the legislation in the Member States

Not required.

(5) Date of entry into force (if different from the above)

(6) References Official Journal L 317, 24.11.1988

(7) Follow-up work

(8) Commission implementing measures

1. BANKING

1.19. Captial adequacy of investment firms and credit institutions

(1) Objective	To achieve quality of treatment between credit institutions and investment firms by harmonizing capital requirements.
(2) Community measures	Council Directive 93/6/EEC of 15 March 1993 on capital adequacy of investment firms and credit institutions.
(3) Contents	1. Investment firms which hold clients' money and/or securities and which receive, transmit and/or execute investors' orders for financial instruments and/or manage portfolios of investments in financial instruments must have initial capital of ECU 125 000. All other investment firms must have initial capital of ECU 730 000. Provision is made for derogations from the capital requirements for certain specified cases in order to take account of the various kinds of investment firm and the type of operation they carry out. The requirements applicable to credit institutions are laid down in Council Directive 89/646/EEC (summary 1.3). 2. In order to guarantee the ongoing financial soundness of such firms, capital requirements are laid down to cover the market risks to which they are exposed. 3. The first requirement concerns the position risk. According to the rules proposed, each firm must keep in the form of capital a given percentage of its long and short positions, after allowance has been made for its hedging operations. 4. Secondly, there is a foreign-exchange risk requirement in respect of losses which the firm may suffer in the event of adverse exchange-rate movements. 5. The third requirement relates to unsettled transactions that may not be carried out. 6. The Directive also lays down a 'base' requirement according to which each firm is required to uphold own funds equivalent to one quarter of the previous year's fixed overheads. This requirement is intended to cover all the other risks to which an investment firm is exposed, e.g. the risk that market turnover collapses, reducing a firm's broking income to a level insufficient to cover its expenses. 7. Investment firms are required to assess their positions daily at market prices. Similarly, they are required to transmit to the competent authorities in their Member State of origin any information necessary for those authorities to check that the rules laid down in the Directive are being observed.
(4) Deadline for implementation of the legislation in the Member States	1.7.1995
(5) Date of entry into force (if different from the above)	31.12.1995
(6) References	Official Journal L 141, 11.6.1993

(7) Follow-up work

On 5 April 1993 the Council adopted a common position on the proposal for a Directive setting up a securities committee.
This proposal originates from two separate Directives:
— the Directive on capital adequacy of investment firms and credit institutions;
— the Directive on investment services in the securities field (summary 3.9).
It envisages the establishment, to assist the Commission, of a securities committee composed of representatives of Member States and chaired by a representative of the Commission. This committee will be consulted where acts adopted by the Council in the field of securities, securities markets and securities intermediaries are to be adapted to technical progress, as provided by the Directives on investment services and capital adequacy. It will also examine any question relating to the application of Community provisions concerning securities, securities markets and securities intermediaries. The Commission may consult it on new proposals in this field but it will not consider specific problems relating to individual cases.

(8) Commission implementing measures

2. INSURANCE

Current position and outlook

The creation of a single market in insurance has been one of the Community's priorities for a long time. Over the last decade, the insurance market has been characterized in all Member States by a steady increase in turnover, reflecting growing demand for this type of product and the increasingly important part played by the insurance sector in the development of economic activity in general.

In accordance with Article 8a of the EEC Treaty the internal market in insurance activities comprises an area without internal frontiers in which insurance undertakings are free to carry out their activities.

The objective to be achieved, on the basis initially of the Treaty of Rome and then of the Single European Act, was twofold: firstly, to provide all Community citizens with access to the widest possible range of insurance products on offer in the Community, while at the same time guaranteeing them the legal and financial protection required for an insurance transaction; and secondly, to guarantee that an insurance company authorized to operate in any of the Member States can pursue its activities throughout the Community as regards both the right of establishment and the right to supply services.

In order to achieve these objectives, the Community has dealt with life assurance and non-life insurance separately in order to take account of their specific characteristics and the important role which life assurance plays in long-term savings and provident schemes.

1. The life assurance sector

In 1979 the Council adopted the first coordinating Directive on direct life assurance (79/267/EEC), the aim of which was to lay down the rules necessary to facilitate the effective exercise of the right of establishment provided for in the Treaty of Rome in respect of such insurance activities. This left the need to facilitate the effective exercise of the right to supply life assurance services: such was the aim of the second coordinating Directive (90/619/EEC) on life assurance (summary 2.8).

This second Directive lays down two sets of arrangements in respect of freedom to provide services: the first, based on the following strategy: application of the rules of, and supervision by, the Member State of origin of the insurance undertaking or home-country control, covers those policy-holders not requiring specific protection arising from the application of the rules of their Member State of residence; the second, which covers other policy-holders requiring such specific protection, is based on the application of the rules of, and supervision by, the Member State in which the service is supplied in order to guarantee that such protection is provided (risk country control).

On 10 November 1992 the Council adopted a third coordinating Directive on direct life assurance (2.9). Its aim is to complete the internal market in this form of insurance activity on the basis of the principles of a single administrative licence and supervision of the insurance undertaking's activities by the authorities in the Member State in which that undertaking has its head office.

2. Insurance other than life assurance

In 1973 the Council adopted Directive 73/239/EEC which establishes the appropriate legal framework for exercising freedom of establishment in the Community in respect of direct non-life insurance.

The arrangements necessary to guarantee the effective exercise of freedom to provide non-life insurance services are laid down in Directive 88/357/EEC (summary 2.10). This Directive covers all non-life insurance, including compulsory insurance. However, a number of branches or operations are excluded from the provisions of this second Directive on freedom to provide services. For example, compulsory motor vehicle

insurance is excluded, this being covered in a specific Directive (summary 2.6). Finally, a third coordinating Directive on direct non-life insurance has been adopted by the Council (summary 2.11). This covers the coordination of national rules governing the investment, spread and localization of the assets used to cover technical provisions, the law applicable to insurance supervision, the terms of insurance and the physical inspection of policies and contract documents, access to and pursuit of insurance activities, and supervision according to the principle of home country control.

3. Car insurance

Alongside these major Directives designed to safeguard both the right of establishment and freedom to provide services, the Community has legislated in the following areas in addition to the motor vehicle liability insurance already referred to: annual accounts and consolidated accounts of insurance undertakings (summary 2.1), legal protection insurance (summary 2.4) and credit and suretyship insurance (summary 2.5). It has also set up an Insurance Committee to assist the Commission in its task of cooperating with national supervisory authorities in this field (summary 2.12).

Finally, the Commission has presented to the Council two proposals for Directives on the coordination of laws, regulations and administrative provisions relating, firstly, to the compulsory winding-up of direct insurance companies (summary 2.2) and, secondly, to insurance contracts (summary 2.3).

These Community measures, and in particular the third life and non-life Directives, provide the legislative framework for completing the internal market in the insurance sector through the establishment of freedom to provide services to potential policy-holders, who will thus benefit from a wider choice of products at the lowest possible prices thanks to increased competition.

2. INSURANCE

2.1. Insurance companies: annual accounts

(1) Objective	To provide for the same layout and the same item headings for the balance sheets of all Community insurance companies in order to ensure comparability.
(2) Community measures	Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings.
(3) Contents	1. The Directive applies to all insurance companies or firms except small mutual associations. 2. A precise layout for the balance sheet is prescribed. There are special provisions relating to certain balance-sheet items. 3. A precise layout for the profit-and-loss account is prescribed. There are special provisions relating to certain items in the profit and loss account. 4. Valuation rules. Pending further coordination, Member States may either impose a specific set of rules or leave companies a choice between alternative rules stated in the Directive. 5. Required contents of the notes on the accounts, e.g. gross premiums broken down into categories of activity (accident and health, motor, fire, etc.) and into geographical markets. 6. A number of provisions are included on the presentation of consolidated accounts. 7. Publication of accounts and annual reports. It must be possible to obtain a copy of these documents upon request. Its price shall not exceed its administrative cost.
(4) Deadline for implementation of the legislation in the Member States	1.1.1994
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 374, 31.12.1991
(7) Follow-up work	
(8) Commission implementing measures	

2. INSURANCE

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

(1) Objective

To harmonize Member State provisions concerning the compulsory winding-up of insurance companies.

(2) Proposal

Proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings.

(3) Contents

1. Concerns insurance companies which fall within the scope of the first non-life coordination Council Directive 73/239/EEC (Official Journal L 228, 16.8.1973), as amended by the second Council Directive 88/357 (summary 2.10), or of the first 'life coordination' Council Directive 79/267/EEC (Official Journal L 63, 13.3.1979).
2. Obligation on direct insurance companies to keep registers of assets representing technical reserves corresponding to direct insurance transactions and to reinsurance acceptances.
3. Two types of compulsory winding-up are envisaged, depending on the company's situation with regard to assets: normal compulsory winding-up and special compulsory winding-up. A company will be wound up according to the principles of unity of procedure and universality of effects.
4. Normal compulsory winding-up procedure: this must be carried out by the company except where this task is not performed satisfactorily, in which case the supervisory authority in the home Member State may appoint an administrator or propose such an appointment. The grounds for such a decision must be clearly and precisely stated. In order to protect insurance creditors, notice of withdrawal of authorization will be published in the *Official Journal of the European Communities* and in two nationally distributed newspapers in the Member States in which there are creditors. Similarly, Member States must take the necessary steps to ensure that the winding-up is carried out as rapidly as possible. The normal compulsory winding-up procedure is applicable to all Member States.
5. Special compulsory winding-up in the event of insolvency: this will be carried out by appointed liquidators under supervision of the competent authorities of the Member State in which the company's head office is situated. As with normal compulsory winding-up, Member States must take the necessary steps to ensure that the special compulsory winding-up is effective and is publicized. The liquidators may not transfer a portfolio without the prior authorization of the supervisory authority of the courts.
6. Rules governing the treatment of insurance creditors when winding-up takes place and the settlement of claims. This Directive is applicable to branches of direct insurance companies from third countries doing business in the Community.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These are intended to improve the flow of information to consumers.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal for a Directive on 23 January 1987.

First reading: On 14 March 1989 Parliament appproved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 12 September 1989.

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

(6) References

Commission proposal	
COM(86) 768 final	Official Journal C 71, 19.3.1987
Amended proposal	
COM(89) 394 final	Official Journal C 253, 6.10.1989
European Parliament opinion	
First reading	Official Journal C 96, 17.4.1989
Economic and Social committee opinion	Official Journal C 319, 30.11.1987

2. INSURANCE

2.3. Insurance contracts

(1) Objective

To promote the free movement of insurance services.

(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, e.g. name and address of the contracting parties, subject-matter of the insurance, the amount insured. The contracts shall be drafted in the language of the Member State whose law is applicable.
2. Existence of cover will depend on the payment of the premium, the duration of the contract, and the position of insured persons who are not policy-holders.
3. The insurer may request notification of any changes in circumstances in the contract. These must be provided by the policy-holder as they occur during the cover period.
4. Time-limits and obligations relating to amendments to the insurance contract, e.g. the policy-holder is allowed 15 days to decide whether he will accept a proposed amendment.
5. In the event of an increase in risk the contract shall be amended; in the event of a decrease in risk there shall be a reduction in premium.
6. Obligations of the policy-holder and insurer in the event of a claim, e.g. the policy-holder shall take all reasonable steps to minimize the loss.
7. Circumstances and conditions in which the contract may be renounced or terminated, e.g. when one of the parties has failed to fulfil an obligation.
8. This Directive does not apply to non-life insurance.

(4) Opinion of the European Parliament

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 5 July 1979.

First reading: On 19 September 1980 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 16 December 1980.

In view of the principle of subsidiarity, and following the adoption of the three main basic insurance Directives (insurance against civil liability in respect of the use of motor vehicles, direct non-life insurance and life assurance — which contain references to contracts), this proposal is currently being reviewed within the Commission.

(6) References	Commission proposal COM(79) 355 final	Official Journal C 190, 28.7.1979
	Amended proposal COM(80) 854 final	Official Journal C 355, 31.12.1980
	European Parliament opinion First reading	Official Journal C 265, 13.10.1980
	Economic and Social Committee opinion	Official Journal C 146, 16.6.1980

2. INSURANCE

2.4. Legal expenses insurance

(1) Objective	To coordinate national requirements for insurance against legal costs.
(2) Community measures	Council Directive 87/344/EEC of 22 June 1987 on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance.
(3) Contents	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 vessels. 2. Obligation on insurance undertakings to provide for a separate contract or a separate section of a single policy for legal expenses insurance. 3. Obligation on insurance undertakings either: — to have separate management for legal expenses insurance; — to entrust the management of claims in respect of legal expenses insurance to an undertaking having separate legal identity; or — to afford the insured person the right to entrust the defence of his interests, 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 where recourse is had to a lawyer. 4. In the event of a conflict of interest or a disagreement over settlement of the dispute, the insurer must inform the insured person of his right to choose his lawyer freely and of the possibility of using the arbitration procedure.
(4) Deadline for implementation of the legislation in the Member States	1.1.1990
(5) Date of entry into force (if different from the above)	1.7.1990
(6) References	Official Journal L 185, 4.7.1987
(7) Follow-up work	
(8) Commission implementing measures	

2. INSURANCE

2.5. Credit and suretyship insurance

(1) Objective	To provide additional financial guarantees for credit insurance and to abolish the provisions permitting Germany to prohibit suretyship insurance from being combined with other classes of insurance.
(2) Community measures	Council Directive 87/343/EEC of 22 June 1987 amending, as regards credit insurance and suretyship insurance, first Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance.
(3) Contents	1. Removal of German specialization requirements. 2. Obligation on Member States to require of underwriters additional financial guarantees for credit insurance. This will be achieved by setting up an equalization reserve which will offset any technical deficit or above-average claims ratio arising for a particular financial year. 3. Obligation on insurance companies to increase their reserves within a set period of time as a result of these amendments. 4. Annex containing the four permitted methods of calculating the equalization reserve for credit insurance.
(4) Deadline for implementation of the legislation in the Member States	1.1.1990
(5) Date of entry into force (if different from the above)	1.7.1990
(6) References	Official Journal L 185, 4.7.1987
(7) Follow-up work	
(8) Commission implementing measures	

2. INSURANCE

2.6. Motor vehicle liability insurance: freedom to provide services

(1) Objective	To bring compulsory third-party motor vehicle insurance within the scope of second non-life insurance Council Directive 88/357/EEC (see summary 2.10).
(2) Community measures	Council Directive 90/618/EEC of 8 November 1990, amending, particularly as regards motor vehicle liability insurance, first Council Directive 73/239/EEC and second Council Directive 88/357/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance.
(3) Contents	1. The Directive applies to the provision of third-party motor vehicle insurance by an insurer established in one Member State in respect of vehicles registered in other Member States. 2. Two classes of risk, namely class 10 (motor vehicle liability) and class 3 (damage to or loss of land motor vehicles or other land vehicles), are now to be included in the second Directive system which distinguishes between large risks and mass risks with corresponding degrees of supervision by home and host countries. 3. Classes 10 and 12 (Italian motorboat risks) are now to be included in the freedom-of-services provisions of the second Directive, and thus may now be covered by way of provision of services by insurers in other Member States. 4. A new group of classes entitled 'motor insurance' is to be introduced for the keeping of gross premium statistics in respect of the business written by each insurance company by way of provision of services in a given country. 5. The Member State of provision of services must require the services undertaking to become a member of, and participate in the financing of, its national motor insurers' bureau and its national guarantee fund. The membership contributions should be based only on the premium income from this insurance class in the State in question or the number of vehicles insured, i.e. an annual membership fee or minimum contribution may not be required. 6. Insurers must appoint a representative in the Member State of provision of services, responsible mainly for collecting information and representing the insurer in relation to persons pursuing claims or seeking redress before the courts or authorities of that State. The Member State of provision of services may require the representative to help it verify the existence and validity of insurance cover.
(4) Deadline for implementation of the legislation in the Member States	20.5.1992
(5) Date of entry into force (if different from the above)	

(6) References

Official Journal L 330, 29.11.1990

(7) Follow-up work

(8) Commission implementing measures

2. INSURANCE

2.7. Motor vehicle liability insurance: coverage of passengers

(1) Objective	To fill the gaps that still exist in the compulsory insurance coverage of passengers across the Community.
(2) Community measures	Third Council Directive 90/232/EEC of 14 May 1990 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles.
(3) Contents	1. All passengers of vehicles, other than a driver or passenger who has knowingly and willingly entered a stolen vehicle, should be covered by the compulsory third-party liability insurance. 2. Member States must take the necessary steps to ensure that all compulsory insurance policies covering civil liability in respect of the use of vehicles cover the entire territory of the Community. The Directive seeks to make certain that a motorist using his vehicle outside his home country will never have less than his home country's insurance cover. 3. The second motor insurance Directive 84/5/EEC requires each Member State to set up or authorize a body (guarantee fund) to compensate the victims of accidents caused by uninsured or unidentified vehicles. The new Directive adds to this a clause prohibiting Member States from allowing the guarantee fund to make the payment of compensation conditional on the victim establishing that the person responsible is unable or unwilling to pay. 4. Where there is a dispute between the guarantee fund and an insurer as to which should compensate the victim of an accident, Member States must ensure that one of these parties is designated as responsible for compensating the victim without delay in the first instance. 5. Member States must take the measures necessary to ensure that persons involved in a road accident are able to find out as soon as possible the name of the insurance companies covering civil liability in respect of the use of each of the vehicles concerned.
(4) Deadline for implementation of the legislation in the Member States	31.12.1992
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 129, 19.5.1990
(7) Follow-up work	
(8) Commission implementing measures	

2. INSURANCE

2.8. Life assurance: freedom to provide services

(1) Objective

To lay down special rules relating to freedom to provide cross-frontier services in the life assurance field.

(2) Community measures

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

(3) Contents

1. Definitions of the concepts of 'undertaking' and 'Member State of the commitment'. The definition of undertaking is worded so as to ensure that non-Community insurers who are established in the Community only through an agency or a branch do not benefit from the provisions on freedom to provide services. 'Member State of the commitment' means the Member State in which the policy-holder has his habitual residence or, if the policy-holder is a legal person, in which his establishment is situated.
2. Some clauses are of general application, whereas others apply only to the provision of cross-border services. The Directive applies to both individual and group life assurance, but not to the management of group pension funds.
3. A distinction is made between commitments entered into on the initiative of the policy-holder and other commitments. The policy-holder will be deemed to have undertaken the initiative where:
— the initial contact between the policy-holder and the assurer is made by the policy-holder; or
— the contract is concluded in the Member State where the insurer is established without any contact being made between the policy-holder and the insurer in the Member State where the policy-holder has his habitual residence; or
— the contract is concluded with the help of a broker. Member States may postpone application of this provision for three years.

The second category, that of other contracts, includes all individual contracts not resulting from such initiatives. There is considered to be a greater need for consumer protection in respect of this category.
4. Commitments entered into on the initiative of the policy-holder benefit from home-country control (all control is in the State of establishment of the insurer). There are specific rules for these commitments in areas such as advertising, the use of brokers, etc., that are intended to provide a measure of protection for the policy-holder. However, before entering into a commitment on his own initiative in another Member State, the policy-holder must sign a statement that he is aware that the commitment is subject to the rules of supervision of the Member State of the insurer who is to cover the commitment.
5. Other contracts are subject to the supervisory rules of the Member State of commitment, e.g. as regards policy conditions and technical reserves, although this provision is optional.

6. A policy-holder who concludes an individual life assurance contract under his own initiative will have a period of between 15 and 30 days within which to cancel the contract.

7. Where a contract is to be concluded on the initiative of the policy-holder, an insurer established in another Member State may accept the contract by way of freedom to provide services, even if he has an establishment in the Member State of commitment. As regards other contracts covered by this Directive, this provision may apply but, where an assurer is authorized to provide services in respect of life business in another Member State and has an establishment in that other Member State, he may be required by that Member State to transact such business only from his establishment there.

8. The general provisions include rules on the choice of contract law (governing relations between the insurer and the policy-holder). In general, the law applicable will be the law of the Member State of the commitment, although there are provisions designed to guarantee the freedom to choose a different contract law.

9. A number of rules strengthen and amplify those in the first life assurance Directive; these concern in particular:

— the powers of the supervisory authorities;

— the transfer of portfolios;

— a system of penalties where the insurer fails to comply with the laws of the Member State of commitment.

10. Introduction of a procedure governing reciprocity between the Community and third countries in respect of life assurance. The authorization of a subsidiary of a non-Community company or the acquisition by a non-Community company of a share in the capital of a Community insurer may be subject to a special procedure the purpose of which is to ensure that Community insurers gain comparable access to the third country in question and receive the national treatment normally reserved for companies of that country.

11. Composite undertakings, which are forbidden under the first life assurance Directive from transacting life business by way of establishment in another Member State, may do so by way of freedom to provide services, albeit for a limited period in some cases. The rules governing such undertakings are to be reviewed at a later date.

12. The rule that insurers established in Italy must cede part of their underwriting business to the Italian National Assurance Institute must be abolished within four years.

13. Every contract written under freedom to provide services is subject only to the indirect taxes on premiums applicable in the Member State of commitment. The tax arrangements of the country of the policy-holder are therefore applied for the benefit of that country.

14. Provisions for cooperation between the supervisory authorities of the Member States, and between those authorities and the Commission.

(4) Deadline for implementation of the legislation in the Member States	20.11.1992
(5) Date of entry into force (if different from the above)	— 31.12.1995: Spain — 31.12.1998: Portugal

(6) References

Official Journal L 330, 29.11.1990

(7) Follow-up work

(8) Commission implementing measures

On 22 February 1991 the Commission published a report on the operations referred to in Council Directive 79/267/EEC (Official Journal L 63, 13.3.1979), as effected by composite undertakings and by specialized undertakings (COM(91) 55 final).
The report reviews the operation of specialized undertakings in the Community since 1979 and the application by Member States of the arrangements governing composites, and examines whether the restrictions introduced by Directive 79/267/EEC are still justified.

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

2. INSURANCE

2.9. Life assurance: third Directive

(1) Objective

To enable potential policy-holders to have access to any assurance undertaking whose head office is in the Community, while at the same time guaranteeing them adequate protection.

(2) Community measures

Third Council Directive 92/96/EEC of 10 November 1992 on the coordination of laws, regulations and administrative provisions relating to direct life assurance and amending Directives 79/267/EEC and 90/619/EEC (third Directive).

(3) Contents

1. The Directive contains definitions of the terms 'assurance undertaking', 'branch', 'commitment', 'home Member State', 'Member State of the branch', 'control', 'qualifying holding', 'parent undertaking' and 'subsidiary'.
2. The scope of the Directive is the same as that of the first Council Directive 79/267/EEC (Official Journal L 63, 13.3.1979). Article 1(2) of the first Directive has been amended to allow any assurer duly authorized in his home Member State to carry on the activities referred to in the Directive in all Member States. The operations and activities referred to in Article 2, and the organizations and mutual associations referred to in Articles 3 and 4, of the first Directive have been excluded.
3. A system is introduced whereby a single official authorization is granted by the competent authorities in the Member State in which the assurance undertaking has its head office. Once given, this authorization is valid throughout the Community. It enables the undertaking to carry on business there under either the right of establishment or the freedom to provide services. It is granted either by class of business on the basis of the classification appended to the first Directive, or for a group of classes. Any undertaking wishing to extend its business to other classes has to obtain a fresh authorization.
4. The granting of authorization is subject to certain conditions. The assurance undertaking must adopt one of the legal forms mentioned in Directive 79/267/EEC, to which is added that of European company. It must limit its business activities to the business of insurance, submit a scheme of operations, the content of which is specified in the Directive, and possess the minimum guarantee fund. It must be run by technically qualified persons of good repute. Member States may not require, for supervision purposes, systematic notification of general and special policy conditions, scales of premiums and forms and other printed matter: the competent authorities in the home Member State may require notification only of the technical bases used for calculating scales of premiums and technical provisions, without that requirement constituting a prior condition for an undertaking to carry on its business. On the other hand, notification of the identities of shareholders or members who have qualifying holdings in the assurance undertaking and of the amounts of those holdings is compulsory. The supervisory authorities may withhold authorization if they are not satisfied with the qualifications of shareholders or members.
5. The financial supervision of the assurance undertaking is the exclusive responsibility of the home Member State. It includes verification of the undertaking's state of solvency and of the

establishment of sufficient technical provisions for the undertaking's entire business, and of the assets covering them, in accordance with the rules applicable in the home Member State as coordinated by this Directive. The home Member State may carry out spot checks on branches established in another Member State, after having first informed the latter's competent authorities.

6. The Directive strengthens the competent authorities' supervisory powers and provides that Member States must take all steps necessary to enable those authorities to make detailed enquiries regarding an undertaking's situation, take measures with regard to the undertaking or its directors or managers and ensure that those measures are carried out, if need be by enforcement.

7. From now on, composite undertakings may carry on business both by way of branching and by way of provision of services, subject to their managing their life and non-life portfolios separately.
Member States may also authorize the formation of undertakings which transact both life assurance and the 'accident' and 'sickness' classes of non-life insurance. In all cases, such composite undertakings must place their life and non-life activities under separate management.

8. The Directive brings about such harmonization of national laws as is necessary to permit mutual recognition and home-country control in relation to the establishment and calculation of technical provisions, and lays down rules on the choice, valuation, diversification and location of the assets covering those provisions. It coordinates the actuarial principles that have to be respected by every assurance undertaking as regards the definition and calculation of technical provisions. The requirements that assets be located in the Member State in which business is done and that undertakings invest a minimum proportion in particular categories of asset are abolished to take account of the measures adopted in the field of liberalization of capital movements.

9. The life assurance buyer will have access to any life assurance product lawfully marketed in the Community provided it does not contravene the legal provisions protecting the general good in force in the Member State of the commitment. He can pull out of a contract within a 'cooling-off' period of 14 to 30 days from the time he is informed that the contract has been concluded. He must be provided with clear and accurate information about the essential characteristics of the products offered to him, both during the pre-contractual phase to guide him in his choice, and during the term of the contract in the event of any change or amendment thereto.

10. Any assurance undertaking wishing to establish a branch in another Member State must notify its home-country competent authority. The latter may refuse to pass on the proposal to the authorities in the country in which the branch is to be opened if it has reason to doubt the proposal's viability or the adequacy of the assurance undertaking's structures. In such an eventuality, it must justify its refusal within three months of receiving the notification.

11. Any assurance undertaking wishing to pursue business by way of the cross-border provision of services must indicate to its home-country authorities the Member State or States in which it intends to provide services and the nature of the business it proposes to transact there.

12. Duly authorized undertakings have free access to all means of communication to advertise their services and products.

13. Every undertaking will have to furnish its home-country supervisory authority with information on turnover in each Member State.
14. As far as indirect taxes and parafiscal charges are concerned, assurance undertakings are subject to the territoriality principle, that is to say the tax rules of the Member State of the commitment apply, for the benefit of that State.
15. There are two annexes, one concerning currency-matching rules and the other information for policy-holders.
16. Implementing powers are conferred on the Commission, which will be assisted by the Insurance Committee (Directive 91/675/EEC).

(4) Deadline for implementation of the legislation in the Member States

31.12.1993

(5) Date of entry into force (if different from the above)

1.7.1994

(6) References

Official Journal L 360, 9.12.1992

(7) Follow-up work

On 28 July 1993 the Commission presented a proposal for a Council Directive amending Directives 79/267/EEC and 92/96/EEC in the field of life insurance Directives 77/780/EEC and 89/646/EEC in the field of credit institutions (summary 1.5), Directives 73/239/EEC and 92/49/EEC in the field of non-life insurance (summary 2.11) and Directive 93/22/EEC in the field of investment firms (3.9) in order to reinforce prudential supervision (COM(93) 363 final, Official Journal C 229, 25.8.1993).
The main aim of this Proposal is to propose amendments to the framework Directives in the financial services sector. It is designed to strengthen certain aspects of the existing arrangements for financial supervision.
Firstly, it is proposed that, where a financial undertaking is part of a group, the group structure should be sufficiently transparent so as to enable the financial undertaking itself to be supervised effectively.
Secondly, it is proposed to make it compulsory for the head office of financial undertakings to be located in the same Member State as their registered office.
Thirdly, provision is made to ensure that adequate 'gateways' exist so that prudential information can be transmitted backwards and forwards between competent authorities and certain other bodies which have been entrusted with specific tasks within each Member State.
Lastly, it is considered appropriate to require that auditors engaged in the preparation of financial undertakings' statutory accounts should communicate to the competent authorities irregular circumstances which come to their notice in the course of carrying out this activity.
On 9 March 1994 Parliament approved, in the first reading, the Commission's proposal subject to one amendment.

On 2 May 1994 the Commission submitted an amended proposal (COM(94) 170 final).
On 6 June 1994 the Council adopted a common position.

(8) Commission implementing measures

2. INSURANCE

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

(1) Objective

To lay down rules for the exercise of cross-frontier non-life insurance which balance the needs of freedom of services and consumer protection.

(2) Community measures

Second Council Directive 88/357/EEC of 22 June 1988 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC.

(3) Contents

1. Definitions including 'establishment' and 'Member State where risk is situated'. For the purposes of the Directive, services business is the covering by an insurer established in one Member State of a risk situated in another (Member State of provision of services), regardless of where the policy-holder is resident or established.
2. Some articles are of general application; others apply only to the provision of cross-frontier services. Some classes of business (e.g. accidents at work, nuclear liability, compulsory insurance of building works) are excluded from the freedom-of-services provisions and will be reviewed by the Council before 1 July 1998.
3. A distinction is made between large risk and mass risk business. Large risks are:
— transport risks (including goods in transit), regardless of size;
— credit and suretyship risks, if linked to a trade;
— fire and other property damage, general liability, pecuniary loss, where the policy-holder, or group to which he belongs, meets two out of three conditions (relating to balance-sheet size, turnover and number of employees the figures are found in accounts prepared in accordance with other Directives).

Mass risks are all other cases where there is considered to be greater need for consumer protection.
4. Large risks are subject to lighter controls than mass risks in both establishment and services situations (in particular, no prior approval of policy conditions, premium rates or standard forms and letters which the insurer intends to use in relations with policy-holders).
5. Large risks benefit from home-country control in services for businesses (all financial control is in the State of establishment). The insurer must, however, obtain a certificate of solvency from the State where his head office is located and send it to the host State with a notification of the intended activity.
6. Mass risks may be subject to heavy control in the State of provision of services, including:
— authorization requirement (detailed information to be supplied which the host State has six months to consider);
— technical reserves (needed to ensure that funds are available to meet claims) must be certified by the State where the head office is located;
— that host State's rules apply to policy conditions (thus determining the nature of the products that may be sold).

	7. Articles of general application include rules on choice of contract law (governing insurer/policy-holder relations). These rules are intended to protect the policy-holder: the amount of choice depends on the circumstances of the policy-holder and never on those of the insurer. 8. Special rules apply to compulsory insurances: policies must comply with the rules of the State which makes such insurances compulsory. 9. A number of rules strengthen and amplify those in the first non-life insurance coordination Directive of 1973. These concern in particular: — the powers of the supervisory authorities; — the determination of currencies in which assets have to be held; — the transfer of portfolios. 10. Insurance policies taken out under the freedom-of-services provisions are exclusively liable to the indirect taxes and parafiscal charges levied on insurance premiums in the Member State where the risk is situated.
(4) Deadline for implementation of the legislation in the Member States	30.12.1989
(5) Date of entry into force (if different from the above)	30.6.1990. The large risk provisions do not fully come into force until 1 January 1993, and longer transitional periods are allowed for Spain (1997), Portugal, Greece and Ireland (1999).
(6) References	Official Journal L 172, 4.7.1988
(7) Follow-up work	See summary 2.11.
(8) Commission implementing measures	Council Directive 90/618/EEC of 8 November 1990 (Official Journal L 330, 29.11.1990), which brings compulsory motor-vehicle liability insurance within the scope of the second Directive (summary 2.6).

2. INSURANCE

2.11. Direct insurance other than life assurance: third Directive

(1) Objective

To introduce a single authorization system whereby any insurance undertaking whose head office is in one of the Member States of the Community can establish branches in other Member States and carry on business by way of provision of cross-border services under the supervision of the Member State in which its head office is situated. To enable persons seeking insurance to find the cover best suited to their needs.

(2) Community measures

Third Council Directive 92/49/EEC of 18 June 1992 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC (third non-life insurance Directive).

(3) Contents

1. The taking-up of the business of direct insurance will be subject to prior official authorization. Such authorization will be valid throughout the Community and will enable insurance undertakings to carry on business there, under either the right of establishment or the freedom to provide services. Authorization is to be granted for a particular class of insurance or, if the applicant so wishes, for only some of the risks pertaining to that class, as listed in the annex. Conditions governing the grant of authorization.
2. Harmonization of the conditions governing the business of insurance. This covers the following areas:
— supervision of insurance undertakings: financial supervision, including verification of the state of solvency and verification of the establishment of technical provisions and the assets covering them; supervision of transfers of portfolios; supervision of major shareholders or members; provision of documents and statistics;
— technical provisions and investments: home-country control of technical provisions and investments, investment of the assets covering the technical provisions, admissible investments, diversification of investments, localization of investments, currency matching;
— inclusion in the list of assets recognized for the purpose of covering the solvency margin of securities with no specified maturity date, subordinated loan capital, cumulative preferential share capital and members' accounts;
— provisions on insurance contract law and policy conditions: the choice of law applicable to the contract is to be left to the parties; in the case of large industrial and commercial risks, there is to be no prior vetting of scales of premiums and policy conditions; if the policy-holder is a natural person, he must be informed of the law applicable to the contract, the existence of a complaints body and his right to institute legal proceedings.
3. Provisions on the right of establishment and the freedom to provide services:
— right of establishment: the Directive provides that an insurance undertaking which wishes to establish a branch in another Member State must notify the authorities in its home Member State. When effecting the notification, it must provide certain information including a scheme of operations, the name of the Member State in

which it proposes to establish a branch and the name of the branch's authorized agent. This information is then sent to the Member State in which the branch is to be opened so that it can inform the home Member State of the conditions under which, in the interest of the general good, business must be carried on;
— specific rules on compulsory insurance against accidents at work;
— freedom to provide services: the Directive provides that any insurer who wishes to carry on non-life business by way of provision of cross-border services must indicate to his home-country authorities the Member State or States in which he intends to provide services and the classes of business he proposes to transact there. The home-country authorities must transmit this information to each Member State in which services are to be provided. The undertaking may start business as soon as this information is received;
— technical adjustments and abolition of the prohibition on the simultaneous pursuit of business under the right of establishment and the freedom to provide services so as to introduce a uniform system of supervision applicable to all direct non-life insurance business.

4. The Directive also contains a set of measures concerning:
— approval of the contract documents used by the insurer: the Directive prohibits provisions requiring the prior approval or systematic notification of policy conditions and scales of premiums. Member States may require only non-systematic notification after the event. Exceptions: compulsory insurances and health cover serving as an alternative to the health cover provided by the statutory social security system;
— a system of sanctions designed to ensure compliance with the rules governing the pursuit of insurance business;
— full access to all the normal means of mass advertising;
— equal treatment of all creditors in the event of an insurance undertaking being wound up;
— arrangements for the provision of information to the policy-holder in respect of contracts entered into, including the address of the branch of the undertaking granting the cover;
— participation, in respect of business done under the right of establishment and the freedom to provide services;
— the principle of the territoriality of taxation, i.e. application of the system of taxation of the Member State in which the risk is situated, for the benefit of that State.
— abolition of all insurance monopolies in the Community as from 1 July 1994;
— specific rules on health cover serving as a substitute for the health cover provided by the statutory social security system.

(4) Deadline for implementation of the legislation in the Member States	31.12.1993
(5) Date of entry into force (if different from the above)	1.7.1994
(6) References	Official Journal L 228, 11.8.1992

(7) Follow-up work

On 28 July 1993 the Commission presented a proposal for a Council Directive amending Directives 73/239/EEC and 92/49/EEC in the field of non-life insurance, Directives 77/780/EEC and 89/646/EEC in the field of credit institutions (summary 1.5), Directives 79/267/EEC and 92/96/EEC in the field of life assurance (summary 2.9), and Directive 93/22/EEC in the field of investment firms (summary 3.9) in order to reinforce prudential supervision (COM(93) 363 final, Official Journal C 229, 25.8.1993).

The main aim of this Directive is to propose amendments to the framework Directives in the financial services sector. It is designed to strengthen certain aspects of the existing arrangements for financial supervision.

Firstly, it is proposed that, where a financial undertaking is part of a group, the group structure should be sufficiently transparent so as to enable the financial undertaking itself to be supervised effectively.

Secondly, it is proposed to make it compulsory for the head office of financial undertakings to be located in the same Member State as their registered office.

Thirdly, provision is made to ensure that adequate 'gateways' exist so that prudential information can be transmitted backwards and forwards between competent authorities and certain other bodies which have been entrusted with specific tasks within each Member State.

Lastly, it is considered appropriate to require that auditors engaged in the preparation of financial undertakings' statutory accounts should communicate to the competent authorities irregular circumstances which come to their notice in the course of carrying out this activity.

On 9 March 1994 Parliament approved, in the first reading, the Commission's proposal subject to one amendment.

On 2 May 1994 the Commission submitted an amended proposal (COM(94) 170 final).

On 6 June 1994 the Council adopted a common position.

(8) Commission implementing measures

2. INSURANCE

2.12. Insurance Committee

(1) Objective	To set up an Insurance Committee to assist the Commission in its work in the insurance field with a view to establishing closer cooperation between the national supervisory authorities and the Commission.
(2) Community measures	Council Directive 91/675/EEC of 19 December 1991 setting up an Insurance Committee.
(3) Contents	1. Setting-up of an Insurance Committee made up of representatives of the Member States and chaired by the Commission's representative. 2. Description of the procedure to be followed where the Council, in the instruments which it adopts in the insurance field, confers on the Commission powers for the implementation of the rules which it lays down. The Commission's representative is to submit to the Committee a draft of the measures to be taken. The Committee is to deliver its opinion by a qualified majority as provided for in Article 148(2) of the Treaty. The Commission is to adopt the measures envisaged if they are in accordance with the Committee's opinion. If the measures envisaged are not in accordance with the Committee's opinion, or if no opinion is delivered, the Commission is to submit its proposal to the Council, which is to act by a qualified majority. If the Council has not acted within three months, the proposed measures are to be adopted by the Commission (unless the Council has voted against the measures by a simple majority). 3. The Committee may examine any question relating to the application of directives and to the preparation of new proposals on life and non-life insurance. It is not to consider specific problems raised by insurance undertakings. 4. The Committee is to commence its work on 1 January 1992.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 374, 31.12.1991
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

Current position and outlook

The liberalization of transactions in securities is scheduled for 1 January 1996, the date of the entry into force of two Directives adopted in 1993. These Directives, on investment services (summary 3.9) and capital adequacy (summary 3.10), will make it possible to bring about the right of establishment and freedom to provide services in this sector.

The approach to establishing the single market in securities is similar to that followed in all areas of financial services. It is a three-pronged approach comprising:

— harmonization of essential standards;

— mutual recognition by the national supervisory authorities of the controls applied in the country in which the head office is situated;

— coordination of the work of supervisory authorities by the home country.

The first measures date back to the early 1980s, with the adoption of three Directives which form the basis of the interpenetration of the securities markets. Those Directives cover coordination of the conditions for admission of securities to official stock exchange listing (summary 3.1), the listing particulars required for admission to the stock exchange (summary 3.2) and the half-yearly report to be published by companies quoted on the stock exchange (summary 3.4). They represented only a first step towards the establishment of a genuine single market since Member States remained responsible for the formalities and checks required for the admission of securities to their stock exchanges.

The principle of home-country control was introduced for the first time in this sector by a Directive harmonizing existing rules on certain undertakings for collective investment in transferable securities (summary 3.7). The introduction of this principle resulted in an amendment to the Directive on the listing particulars required for admission to the stock-exchange to the effect that listing particulars approved in one Member State must be recognized in the other Member States.

Another amendment to this Directive provides for the mutual recognition of public-offer prospectuses as stock-exchange listing particulars. In May 1994 a further amendment aimed at simplifying requirements deriving from the obligation to publish listing particulars was adopted.

Other substantial progress has been made in this sector:

— information on major holdings (summary 3.5);

— regulation of insider trading (summary 3.6).

Under the investment services Directive, investment firms other than banks are allowed to operate anywhere in the Community once they have obtained authorization in their home Member State: this is the 'single passport' system.

Compliance with the 'capital adequacy' Directive, which specifies the minimum initial capital necessary for setting up an investment firm, is a precondition for obtaining such a passport.

The Commission has also sent the Council a proposal for a Directive requiring Member States to introduce investor compensation schemes (along the lines of the deposit-guarantee schemes advocated in the banking sector) (summary 3.11).

3. TRANSACTIONS IN SECURITIES

3.1. Conditions for the admission of securities to stock-exchange listing

(1) Objective

To lay down minimum conditions governing the admission of securities to official listing on stock exchanges situated or operating in the Member States.

(2) Community measures

Council Directive 79/279/EEC of 5 March 1979 coordinating the conditions for the admission of securities to official stock-exchange listing.

Amended by the following measure:
Council Directive 82/148/EEC of 3 March 1982.

(3) Contents

1. This Directive applies to securities which are admitted to official listing or are the subject of an application for admission to official listing on a stock exchange situated or operating in a Member State. It does not apply to units issued by collective investment undertakings other than the closed-end type or to securities issued by a Member State or its regional or local authorities.
2. The admission of securities to official listing on a stock exchange is subject to compliance with the conditions of admission set out in the annex to the Directive; all issuers of securities admitted to official listing must also fulfil the obligations set out in the annex. In addition, certificates representing shares may be admitted to official listing only if conditions specified in the annex are met.
3. Subject to the specific prohibitions provided for in the Directive, Member States may make admission to official listing subject to more stringent or additional conditions, provided that those conditions apply generally (derogations from those more stringent and/or additional conditions are permitted subject to the same condition of general application).
4. Member States may require issuers of securities to publish information regularly on their financial position and on the general course of their business.
5. The admission to official listing of securities issued by companies or other legal persons which are nationals of another Member State may not be made subject to the condition that the securities must already have been admitted to official listing in one of the Member States. Compliance with certain specified conditions may not be required for the admission to official listing of debt securities issued by companies or other legal persons which are nationals of a Member State where those securities are guaranteed by a Member State or one of its federal States.
6. Member States are required to designate one or more authorities competent to decide on the admission of securities to official listing on a stock exchange situated or operating within their territories and to ensure that the Directive is applied. An application for admission must be dealt with within six months; failure to give a decision is deemed to be a rejection of the application. Application may be made to the courts in respect of any such rejection.

	7. Investors' interests and the smooth operation of the market may be invoked as reasons for rejecting an application for admission and for suspending or discontinuing a listing. However, such decisions must also be subject to the right to apply to the courts. 8. The Directive lays down obligations regarding information to be provided by the issuers of securities. 9. The Directive stipulates that there must be close cooperation between Member States. 10. The Directive includes provisions relating to professional secrecy by which all persons employed or formerly employed by the competent authorites are bound. 11. The Directive sets up a Contact Committee alongside the Commission composed of persons appointed by the Member States and of representatives of the Commission. The Committee's function is to facilitate implementation of the Directive and cooperation between Member States and to advise the Commission, if necessary, on any amendments to be made to the Directive.
(4) Deadline for implementation of the legislation in the Member States	— Directive 79/279/EEC: 8.3.1981, except for derogation — Directive 82/148/EEC: 6.3.1982
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 66, 16.3.1979 Official Journal L 62, 5.3.1982
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

3.2. Listing particulars to be published for the admission of securities to official stock-exchange listing

(1) Objective

To provide actual and potential investors in securities with adequate and objective information by coordinating the requirements regarding the listing particulars to be published by issuers of securities.

(2) Community measures

Council Directive 80/390/EEC of 17 March 1980 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.

Amended by the following measures:
Council Directive 82/148/EEC of 3 March 1982;
Council Directive 87/345/EEC of 22 June 1987;
Council Directive 90/211/EEC of 23 April 1990;
European Parliament and Council Directive 94/18/EC of 30 May 1994.

(3) Contents

1. The Directive applies to securities which are the subject of an application for admission to official listing on a stock exchange situated or operating in a Member State. It does not apply to units issued by collective investment undertakings other than the closed-end type or to securities issued by a State or by its regional or local authorities.
2. A precondition of the admission of securities to official stock-exchange listing is the publication of particulars providing information on the assets and liabilities, financial position, profits and losses, and prospects of the issuer and on the rights attaching to such securities.
3. Without prejudice to this information, an annex to the Directive specifies the minimum information that has to appear in the listing particulars. The Directive lists the cases in which partial or complete exemption from the obligation to publish listing particulars may be granted and the cases in which certain information may be omitted. Directive 94/18/EEC provides in certain cases for partial or complete exemption from the obligation to publish listing particulars for issuers whose securities are already listed on a stock exchange in another Member State (i.e. well-known companies information concerning which is widely circulated and available in the Community and companies which already satisfy equivalent conditions regarding disclosure).
4. In certain cases, the content of the listing particulars differs from that provided for in the annex; the Directive lists those cases and specifies, on a case-by-case basis, the required content of the listing particulars.
5. Member States are required to appoint one or more competent authorities to ensure that the Directive is applied, particularly as regards the approval of listing particulars.
6. The Directive lays down arrangements for the publication of listing particulars (forms and deadlines).
7. Where, for the same security, various applications for admission to official listing are made simultaneously or within a short interval, the listing particulars must be drawn up in the Member State in which the issuer has its registered office and must be approved by the competent authorities in that State (if the issuer's registered office is situated in a third country, the issuer is required to choose the Member State in

which the listing particulars are to be drawn up and approved). Once approved, listing particulars must be recognized by the other Member States.
8. The Directive lays down arrangements for the mutual recognition by the other Member States of a Member State's approval of the information contained in stock-exchange listing particulars.
9. The Directive requires the competent authorities in the Member States to cooperate closely in exchanging the information necessary for carrying out their duties.
10. The Community may, by means of bilateral or multilateral agreements, recognize (subject to reciprocal arrangements) listing particulars drawn up by issuers in third countries provided that investors are given equivalent protection.
11. The Directive lays down provisions relating to professional secrecy, to which all persons employed or formerly employed by the competent authorities are bound.
12. The responsibilities of the Contact Committee set up by Directive 79/279/EEC (summary 3.1) also apply to the provisions of this Directive.

(4) Deadline for implementation of the legislation in the Member States

— Directive 80/390/EEC: 20.9.1982, except for derogation
— Directive 82/148/EEC: 6.3.1982
— Directive 87/345/EEC: 1.1.1990, except for derogation
— Directive 90/211/EEC: 17.4.1991
— Directive 94/18/EC: no deadline set

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 100, 17.4.1980
Official Journal L 62, 5.3.1982
Official Journal L 185, 4.7.1987
Official Journal L 112, 3.5.1990
Official Journal L 135, 31.5.1994

(7) Follow-up work

(8) Commission implementing measures

3. TRANSACTIONS IN SECURITIES

3.3. Prospectus for public offerings of securities

(1) Objective	Implementation of a Community policy of information on securities offered to the public for the first time in a Member State.
(2) Community measures	Council Directive 89/298/EEC of 17 April 1989 coordinating the requirements for the drawing-up, scrutiny and distribution of the prospectus to be published when securities are offered to the public.
(3) Contents	1. The Directive applies to securities which are offered to the public for subscription or sale for the first time in a Member State. List of exceptions, e.g. open-ended collective investment undertakings (such as unit trusts) and Eurosecurities. 2. Requirement for prospectus to be published by the person making the offer. Prospectus to include all information needed to make an informed financial assessment of the securities. Less detailed disclosure where there is no application for official listing. 3. Arrangements for prior scrutiny of the prospectus by the appointed authorities in Member States (if application is made for official listing) and publication of the prospectus. 4. Cooperation between Member States and provisions for the mutual recognition of prospectuses. This is particularly important when offers of the same securities are made simultaneously or within a short interval in two or more Member States.
(4) Deadline for implementation of the legislation in the Member States	17.4.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 124, 5.5.1989
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

3.4. Information to be published by companies the shares of which are listed on a stock exchange

(1) Objective

To improve investor protection by making it compulsory for companies listed on a stock exchange to publish a half-yearly report.

(2) Community measures

Council Directive 82/121/EEC of 15 February 1982 on information to be published on a regular basis by companies the shares of which have been admitted to official stock-exchange listing.

(3) Contents

1. The Directive applies to companies the shares of which are admitted to official listing on a stock exchange situated or operating in a Member State, whether the admission is of the shares themselves or of certificates representing them and whether such admission preceded or followed the date on which the Directive entered into force. It does not apply to:
— investment companies other than those of the closed-end type;
— central banks explicitly excluded by the Member States.
2. The companies concerned are required to publish half-yearly reports on their activities and profits and losses during the first six months of each financial year. Member States may subject companies to more stringent or additional obligations, provided that these apply generally to all companies or to all companies of a given class.
3. The time limit for publication is four months after the end of the relevant six-month period (the competent authorities may grant an extension in exceptional cases).
4. The report must consist of:
— figures (at least the net turnover and the profit or loss before or after deduction of tax; in exceptional cases estimated figures are permitted), and
— an explanatory statement (containing any significant information permitting assessment of the trend of the company's activities and profits or losses, together with any special factor which has influenced those activities and those profits or losses, and enabling comparisons to be made and forecasts given) relating to the company's activities and profits and losses during the relevant six-month period.
5. Where the company has paid or proposes to pay an interim dividend, the figures must indicate the profit or loss after tax for the six-month period and the interim dividend paid or proposed. Each figure must be accompanied by that for the corresponding period in the preceding financial year. The competent authorities are responsible for checking the accuracy of the figures.
6. Rules on publication — covering form, distribution, language, etc. — are also stipulated.
7. Member States are required to appoint one or more competent authorities which must ensure that the Directive is applied.
8. The Directive lays down that the competent authorities of the Member States are to cooperate closely and exchange any information required for the purpose of carrying out their duties.
9. The terms of reference of the Contact Committee set up by Directive 79/279/EEC (summary 3.1) also apply to this Directive.

	10. The Commission is required to submit, within five years of notification of the Directive, a report on its application and on any possible amendments.
(4) Deadline for implementation of the legislation in the Member States	30.6.1983
(5) Date of entry into force (if different from the above)	30.6.1986 (optionally)
(6) References	Official Journal L 48, 20.2.1982
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

3.5. Information on major holdings

(1) Objective	To inform investors of major holdings in listed Community companies and of changes in such holdings.
(2) Community measures	Council Directive 88/627/EEC of 12 December 1988 on information to be published when a major holding in a listed company is acquired or disposed of.
(3) Contents	1. The Directive applies to persons who acquire or dispose of major holdings in a company the shares of which are officially listed on a stock exchange and which is incorporated in a Member State. 2. When, as a result of the acquisition or disposal of a holding, the voting rights held by one person exceed or fall below one of the thresholds of 10%, 20%, 1/3, 50% and 2/3, the shareholder must notify the company of the percentage he holds within seven calendar days. The company must then publish this information. 3. Rules for calculating the percentage holdings, e.g. indirect holdings to be counted. 4. Power of Member States' authorities exceptionally to exempt companies from certain notification requirements where they consider that the disclosure of such information would run counter to the public interest or would be seriously harmful to the companies involved.
(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 348, 17.12.1988
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

3.6. The regulation of insider trading

(1) Objective	To prohibit insider dealing and thus ensure that all investors are placed on an equal footing.
(2) Community measures	Council Directive 89/592/EEC of 13 November 1989 coordinating regulations on insider trading.
(3) Contents	1. Member States are required to prohibit primary insiders from buying or selling transferable securities while knowingly making use of inside information. 2. Inside information is defined as information which has not been made public, of a precise nature and relating to one or more issuers of transferable securities or to one or more transferable securities which, if it were made public, would be likely to have a significant effect on prices. 3. Primary insiders are persons who possess inside information: — either by virtue of their membership of the administration, management or supervisory bodies of the issuer; or — by virtue of their holdings in the capital of the issuer; or — because they have access to such information by virtue of the exercise of their employment, profession or duties. 4. Prohibition of disclosure by primary insiders of inside information to third parties, who would then become secondary insiders. The same prohibition on the use of inside information received applies to secondary insiders. 5. Cooperation between the competent national authorities. 6. Each Member State shall determine the penalties to be applied for infringement of the measures taken. The penalties must be sufficient to promote compliance with those measures. 7. The Directive shall not apply to transactions carried out for reasons connected with monetary or exchange policy, or management of the public debt, by a sovereign State, its central bank or any other body designated by the State. Member States may also decide that the prohibition on insider trading will not apply to transactions outside a stock exchange and not involving a professional intermediary. 8. Member States may adopt provisions more stringent than those laid down by the Directive or additional provisions.
(4) Deadline for implementation of the legislation in the Member States	1.6.1992
(5) Date of entry into force (if different from the above)	

(6) References

(7) Follow-up work

(8) Commission implementing measures

Official Journal L 334, 18.11.1989

3. TRANSACTIONS IN SECURITIES

3.7. Investments: collective investment undertakings (Ucits)

(1) Objective	To achieve approximation at Community level of the conditions of competition between Ucits and to give unit-holders more uniform and more effective protection.
(2) Community measures	Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits).
(3) Contents	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, repurchased or redeemed out of the undertakings' assets. 2. Ucits must be authorized by the Member State in which they are situated. The authorization is valid for all Member States. 3. Structure of Ucits. Specific obligations concerning management, investment and depositaries. 4. Obligations concerning the investment policies of Ucits, e.g. at least 90% of the investments of a unit trust must consist of transferable securities listed on a stock exchange or on another regulated market, or of recently issued transferable securities. 5. Requirement to publish a prospectus, regular reports, and information on the sale price of units. 6. Special provisions applicable to Ucits which market their units in Member States other than those in which they are situated, e.g. a Ucits which markets its units in another Member State must comply with the laws in force in that State. 7. Designation of authorities responsible for authorization and supervision in each Member State.
(4) Deadline for implementation of the legislation in the Member States	1.10.1989. Member States may grant an additional period of 12 months to comply with those rules for Ucits existing on that date; facility for Greece and Portugal to postpone application up to 1 April 1992.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 375, 31.12.1985
(7) Follow-up work	On 20 December 1985 the Council adopted Recommendation 85/612/EEC concerning the second subparagraph of Article 25(1) of Directive 85/611/EEC (Official Journal L 375, 31.12.1985). This recommendation states that, each time the concept of 'significant influence' is represented in another Member State's legislation by a numerical limit, the Member State's competent authorities should ensure that such limits are observed by investment and management companies situated within its territory when they acquire shares carrying voting rights issued by a company established within the territory of a Member State where such limits apply. The Member States in which such limits already applied before the publication of Directive 85/611/EEC should communicate them to the Commission,

which in turn will inform the other Member States; the same applies to any subsequent relaxation of those limits.

On 9 February 1993 the Commission presented a proposal 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 (COM(93) 37 final, Official Journal C 59, 2.3.1993).
The proposal seeks to extend the scope of the Ucits Directive to cover money-market funds and funds which invest in units issued by other Ucits. It also includes a number of amendments designed to update the Directive so as to bring it more into line with other aspects of Community legislation applicable to the financial sector.

(8) Commission implementing measures

3. TRANSACTIONS IN SECURITIES

3.8. Investments: special measures for certain investments by Ucits

(1) Objective	To introduce a derogation for private-sector bonds similar to that for bonds issued or guaranteed by a State.
(2) Community measures	Council Directive 88/220/EEC of 22 March 1988 amending, as regards the investment policies of certain Ucits, Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits).
(3) Contents	1. Amendment to Council Directive 85/611/EEC (summary 3.7) with regard to one specific class of transferable security so that a Ucits may now invest up to 25% of its assets, rather than the 5% it could previously invest, in issues of bonds by a single body. These securities are bonds issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. 2. When a Ucits invests more than 5% of its assets in bonds as described at point (1), which have been issued by a single credit institution, the total value of such investments may not exceed 80% of the value of the assets of the Ucits. 3. Investments made in accordance with this extended limit will not be taken into account in applying the general rule of Directive 85/611/EEC whereby, when a Member State authorizes more than 5% to be invested in securities of a single issuer, such investment must not in aggregate exceed 40% of the total assets of a Ucits. 4. The different limits for investment in bonds guaranteed by the State or an equivalent body may not be combined. Thus, investments in such transferable securities issued by a single body may not exceed 35% of the assets of a Ucits. 5. Member States must send the Commission a list of categories of bonds as described at point (1), and lists of the categories of authorized issuers. The status of the guarantees offered must be specified in a notice attached to the lists.
(4) Deadline for implementation of the legislation in the Member States	— 1.10.1989 — 1.4.1992: Greece and Portugal
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 100, 19.4.1988
(7) Follow-up work	
(8) Commission implementing measures	

3. TRANSACTIONS IN SECURITIES

3.9. Investment services

(1) Objective

To liberalize access to stock-exchange membership and financial markets in host Member States for investment firms authorized to provide the services concerned in their home Member States.

(2) Community measures

Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field.

(3) Contents

1. The Directive will apply to all investment firms. However, some of its provisions are not applicable to credit institutions whose authorization covers one or more of the investment services listed in the annex.
2. Criteria for granting and withdrawing authorization of investment firms in the home Member State. The competent authorities in each Member State must ensure that:
— the investment firm has sufficient initial financial resources for the proposed activities;
— the persons directing the business have sufficient professional integrity and experience;
— holders of qualifying participations are suitable persons.
Authorization applications will have to be accompanied by a programme of operations. Member States have to grant or refuse authorization within six months of submission of a complete application.
3. Introduction of a procedure for reciprocity with third countries. Member States must inform the Commission of any authorization of a direct or indirect subsidiary of one or more parent undertakings in third countries and of any holding acquired by a parent undertaking in a Community investment firm such that the latter would become its subsidiary.
4. Whenever it appears to the Commission that a third country is not granting Community investment firms effective market access comparable to that granted by the Community to investment firms from that country, it may initiate negotiations in order to secure comparable competitive opportunities for Community investment firms.
5. The competent authorities of the home Member State are responsible for the prudential supervision of an investment firm. However, responsibility for implementing the rules of conduct and for monitoring compliance with them remains within the competence of the host Member State, which, when applying the rules, has to respect the principle of the public interest.
6. Proposed changes in qualifying holdings in an investment firm must be notified to the supervisory authorities to enable them to assess the suitability of the new shareholders/members.
7. The investment firm is required to indicate to investors which compensation scheme applies. It is envisaged that the various compensation schemes will be harmonized as soon as possible.
8. An investment firm authorized in another Member State is permitted to advertise by all means of communication available in the host Member State.

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

10. Host Member States may not make the establishment of a branch or the provision of services by an investment firm authorized by its home Member State subject to further authorization or to a requirement to provide endowment capital or any other measure having equivalent effect.

11. In certain circumstances, a Member State may require that the transactions connected with investment services be carried out on an organized market. However, investment firms, irrespective of whether they are banks, may become members of such an organized market. This provision enters into force not later than 1 January 1997, except for Spain, Greece and Portugal, which are exempt until 31 December 1999.

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

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

14. Annex defining investment activities, other services and financial instruments coming within the scope of the Directive.

(4) Deadline for implementation of the legislation in the Member States

1.7.1995

(5) Date of entry into force (if different from the above)

31.12.1995

(6) References

	Official Journal L 141, 11.6.1993
Amended opinion	Official Journal L 197, 6.8.1993

(7) Follow-up work

On 5 April 1993 the Council adopted a common position on the proposal for a Directive setting up a securities committee.
This proposal originates from two separate Directives:
— the Directive on capital adequacy of investment firms and credit institutions (summary 3.10);
— the Directive on investment services in the securities field.
It envisages the establishment, to assist the Commission, of a securities committee composed of representatives of Member States and chaired by a representative of the Commission. This committee will be consulted where acts adopted by the Council in the field of securities, securities markets and securities intermediaries are to be adapted to technical progress, as provided by the Directives on investment services and capital adequacy. It will also examine any question relating to the application of Community provisions concerning securities, securities markets and securities intermediaries. The Commission may consult it on new proposals in this field but it will not consider specific problems relating to individual cases.

On 28 July 1993 the Commission presented a proposal for a Council Directive amending Directive 93/22/CEE in the field of investment services, Directives 77/780/EEC (summary 1.2) and 89/646/EEC in the field of credit institutions (summary 1.3), 73/239/EEC and 92/49/EEC in the field of non-life insurance (summary 2.11), 79/267/EEC and 92/96/EEC in the field of life assurance (summary 2.9) in order to reinforce prudential supervision (COM(93) 363 final — Official Journal C 229, 25.8.1993).

The main aim of this Directive is to amend the outline Directives in the financial services sector in order to tighten certain aspects of the existing system of financial supervision.

Where a financial enterprise belongs to a group, the group structure must be sufficiently transparent to allow effective supervision of that enterprise.

There must also be appropriate channels to ensure that prudential information can be exchanged between the competent authorities and certain other bodies to which specific tasks are entrusted in each Member State.

Lastly, persons responsible for carrying out statutory audits of the accounts of financial enterprises must report any irregularities to the competent authorities.

On 9 March 1994 Parliament approved, in the first reading, the Commission's proposal subject to one amendment.

On 2 May 1994 the Commission submitted an amended proposal (COM(94) 170 final).

On 6 June 1994 the Council adopted a common position.

(8) Commission implementing measures

3. TRANSACTIONS IN SECURITIES

3.10. Capital adequacy of investment firms and credit institutions

(1) Objective	To achieve quality of treatment between credit institutions and investment firms by harmonizing capital requirements.
(2) Community measures	Council Directive 93/6/EEC of 15 March 1993 on capital adequacy of investment firms and credit institutions.
(3) Contents	1. Investment firms which hold clients' money and/or securities and which receive, transmit and/or execute investors' orders for financial instruments and/or manage portfolios of investments in financial instruments must have initial capital of ECU 125 000. All other investment firms must have initial capital of ECU 730 000. Provision is made for derogations from the capital requirements for certain specified cases in order to take account of the various kinds of investment firm and the type of operation they carry out. The requirements applicable to credit institutions are laid down in Council Directive 89/646/EEC (summary 1.3). 2. In order to guarantee the ongoing financial soundness of such firms, capital requirements are laid down to cover the market risks to which they are exposed. 3. The first requirement concerns the position risk. According to the rules proposed, each firm must keep in the form of capital a given percentage of its long and short positions, after allowance has been made for its hedging operations. 4. Secondly, there is a foreign-exchange risk requirement in respect of losses which the firm may suffer in the event of adverse exchange-rate movements. 5. The third requirement relates to unsettled transactions that may not be carried out. 6. The Directive also lays down a 'base' requirement according to which each firm is required to uphold own funds equivalent to one quarter of the previous year's fixed overheads. This requirement is intended to cover all the other risks to which an investment firm is exposed, e.g. the risk that market turnover collapses, reducing a firm's broking income to a level insufficient to cover its expenses. 7. Investment firms are required to assess their positions daily at market prices. Similarly, they are required to transmit to the competent authorities in their Member State of origin any information necessary for those authorities to check that the rules laid down in the Directive are being observed.
(4) Deadline for implementation of the legislation in the Member States	1.7.1995
(5) Date of entry into force (if different from the above)	31.12.1995
(6) References	Official Journal L 141, 11.6.1993

(7) Follow-up work

On 5 April 1993 the Council adopted a common position on the proposal for a Directive setting up a securities committee.
This proposal originates from two separate Directives:
— the Directive on capital adequacy of investment firms and credit institutions;
— the Directive on investment services in the securities field (summary 3.9).
It envisages the establishment, to assist the Commission, of a securities committee composed of representatives of Member States and chaired by a representative of the Commission. This committee will be consulted where acts adopted by the Council in the field of securities, securities markets and securities intermediaries are to be adapted to technical progress, as provided by the Directives on investment services and capital adequacy. It will also examine any question relating to the application of Community provisions concerning securities, securities markets and securities intermediaries. The Commission may consult it on new proposals in this field but it will not consider specific problems relating to individual cases.

(8) Commission implementing measures

3. TRANSACTIONS IN SECURITIES

3.11. Investor compensation schemes

(1) Objective

To protect investors following the failure of an investment firm.

(2) Proposal

Proposal for a Council Directive on investor compensation schemes.

(3) Contents

1. This Directive constitutes a necessary supplement to the single licence system based on home-country control which was established by Council Directive 93/22/EEC on investment services in the securities field (summary 3.9).
2. The Directive requires Member States to set up one or more investor compensation schemes. All investment firms supplying investment services must belong to such a scheme (credit institutions may be exempted provided that they already belong to a scheme which guarantees protection at least equivalent to that provided under a compensation scheme and that they fulfil certain specific conditions). The Directive therefore confirms the principle of home-country control in the investor compensation field: it is the home-country scheme(s) which must cover the investment activities of domestic firms in other Member States, whether such activities are carried out through branches or on the basis of the freedom to provide cross-frontier services.
3. The compensation scheme operates where it is found that an investment firm is unable or is likely to be unable to meet its obligations resulting from investors' claims.
4. Where an investment firm is also a credit institution, the Member State of origin decides which Directive should apply to money claims: the abovementioned Directive or that governing deposit-guarantee schemes (summary 1.10). No claim in respect of a single amount is eligible for compensation under both Directives.
5. The Directive sets a Community minimum level of compensation per investor of ECU 20 000, while at the same time authorizing Member States to provide for a higher level of compensation if they so wish. However, certain categories of investors may be excluded by Member States from the scheme's coverage or may be afforded a lower level of coverage. The arrangements for organizing and financing schemes are left to the discretion of Member States.
6. Provision is made for branches of investment firms to join compensation schemes in host Member States if they so wish.
7. There are procedures to be followed where an investment firm fails to comply with the obligations incumbent on it as a member of a scheme (penalties ranging up to exclusion).
8. The coverage applies to the aggregate amount of money and instruments belonging to the investor, irrespective of the number of accounts, the currency and the location in the Community. In the case of joint accounts, compensation is divided equally between investors.
9. An investor's claim must be met within a maximum period of three months from the date of it being established that funds are not available. Investors may be required to submit their claims within at least six months of that same date. However, the expiry of that period may not be invoked by a scheme in order to deny the benefit of coverage to an investor.

	10. Obligations are laid down regarding information that must be supplied to investors. 11. The Commission is required to present a report on the application of the Directive by 31 December 1999 at the latest.
(4) Opinion of the European Parliament	First reading: Parliament approved the Commission's proposal subject to certain amendments.
(5) Current status of the proposal	Co-decision procedure The Commission presented the proposal for a Directive on 22 September 1993. First reading: On 19 April 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.
(6) References	Commission proposal COM(93) 381 final — Official Journal C 321, 27.11.1993 European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Official Journal C 127, 7.5.1994

4. TRANSPORT SERVICES

Current position and outlook

The transport industry occupies an important position in the Community, accounting for 7% of its GNP, 7% of total employment, 40% of Member States' investment and 30% of Community energy consumption. Demand, particularly in intra-Community traffic, has grown more or less constantly for the last 20 years, by 2.3% a year for goods and 3.1% for passengers.

The advent of the single market marked a turning point in the common transport policy, since the abolition of frontiers and other liberalization measures — including liberalization of cabotage — inherent in it make it possible to keep pace with the growth in demand and tackle problems of congestion and saturation. But the liberalization of transport has taken various constraints into account:

— a social constraint, so that the freedom to provide services does not result in the strictest national legislation being bypassed. Liberalization of services has therefore been accompanied by harmonization of social conditions, of the rules governing the provision of services and of qualifications;

— an economic constraint, so that investment in infrastructure is not exploited by transport undertakings which play no part in their financing: this is of particular concern to the road transport sector. Measures should also be taken to make sure that the way rail transport is organized does not perpetuate the current fragmented state of this form of transport;

— a route-guarantee constraint, so that the introduction of new factors of competition does not put in doubt the continuity of transport links between peripheral (island) and central (mainland) areas.

Measures already taken on transport liberalization have been adapted, in the way that they are applied, to the specific nature of each mode of transport. For each mode, the aim was to proceed from the provision of an international service (between two Member States) to cabotage (transport in another Member State).

1. Carriage of goods by road

As from 1 January 1993, a haulier established in a Member State of the Community may freely transport goods to another Member State. Whereas, until this date, such an operation would require special authorization in application of bilateral agreements or Community quotas, from that date on, the right to conduct this business is based on quality conditions, which transport operators must observe and which entitle them to receive a Community transport licence (summary 4.1).

However, such transnational activity must not result in serious disruption to the transport market and, for that reason, the Council has introduced a surveillance system offering a safeguard mechanism against market disruption (summary 4.2).

However, in a single market, a haulage operator should also be able to carry out transport in another Member State (cabotage). This natural progression has given rise to fears of distortion of competition and, for that reason, the system of cabotage has been introduced gradually since 1 July 1990 in the form of progressive Community quotas and will come into force on 1 July 1998 (summary 4.3). The liberalization of the cabotage system was accompanied by the adoption of supporting arrangements on motorway taxes, thus allowing use of the infrastructure to be subject to taxation, but on a non-discriminatory basis (summary 4.4).

2. Carriage of passengers by road

Although passenger services from one Member State to another were relatively free of constraints, the Community legislation made no provision for operators from one Member State to provide transport services in another Member State.

To apply the principle of the freedom to provide transport services, the Community has adopted a Regulation on cabotage (summary 4.6). The interest of this Regulation lies in the fact that it defines the various types of passenger transport for which cabotage is allowed. It sees the immediate liberalization of special regular services for workers and students in border areas within a 25 km radius of the frontier and of 'closed-door' services, followed by the liberalization of all other services as from 1 January 1996.

The situation with regular services will be reviewed in the light of the conclusions of the report to be submitted to the Council by the Commission by 31 December 1995. Cross-border transport remains hampered by the diverging tax procedures (VAT), reflecting differences in the bases of assessment and rates.

To harmonize the conditions of competition for the carriage of goods and passengers by road, since the 1970s the Community has also taken a series of measures to harmonize the conditions for admission to the occupation of national and international road haulage operator and to allow effective freedom of establishment for such operators. In an effort to simplify the Community legislation and make it more transparent, the Commission has submitted a proposal to consolidate these measures to the Council (summary 4.7).

The Community has also taken, and will continue to take,measures to improve road safety (summaries 4.8 to 4.11).

3. Rail transport

The Community also wishes to make it easier for the Community's railways to adapt to the demands of the single market and to make them more efficient (summary 4.12). To this end, it has proposed the introduction of an operating licence in order to provide uniform access to infrastructure (summary 4.13) plus the establishment of a system ensuring non-discriminatory allocation of infrastructure capacity and that users pay the full real cost of the facilities they use (summary 4.14).

4. Inland waterway transport

As from 1 January 1993, inland waterway transport may also benefit from the liberalization of cabotage, the main effect of which is the end of the rota system which prevented companies employing these services from having a free choice of carrier. Germany and France, however, have been granted a period of transition lasting until 1995.

5. Maritime transport

International maritime transport is, by definition, a liberalized activity. If it were not, then nobody would benefit from the role that this form of transport plays in the development of international trade. However, cabotage by sea has only begun to be introduced progressively as from 1 January 1993 on the basis of stages agreed in 1992 (summary 4.17).

The introduction of cabotage and the need for the Community to take part in the consolidation of the conditions for international maritime transport have resulted in the adoption of measures relating to competition policy, to the prevention of unfair pricing practices, to standards for ships engaged in the transport of dangerous goods and to working conditions (summary 4.16).

The Community is also adopting legislation on maritime safety (summaries 4.19 to 4.23). As in the case of road transport, the carriage of dangerous goods is one of the main causes for concern (summary 4.19).

6. Air transport

The Community policy for liberalization of air transport covers four main areas: market access and capacity control, fares and the issue of operating licences for companies. It was launched in 1980 and implemented in three stages, with Stage 3, the third air transport package, coming into force on 1 January 1993. Cabotage by air will be finalized as from 1 April 1997 (summaries 4.32 to 4.35). The cornerstones of this process are:

— the introduction of a single air transport licence issued to air transport undertakings established in the Community;

— conditions for access to routes within the Community for air carriers;

— passenger fares including ways for the Commission to intervene directly in case of unfair pricing (predatory practices);

— freight services.

As liberalization leads to the creation of a genuine single market for air transport, the Community has harmonized many rules and regulations so as to create a level playing field for all airlines. The legislation that has been introduced includes notably technical standards and administrative procedures for fixing common standards for the airworthiness of aircraft (summary 4.31) and mutual recognition of licences for people working in the civil aviation industry, which allows pilots to be recruited directly from any Member State (summary 4.30). Lastly, the Community has legislated on the procedures for implementing competition rules in relation to air transport undertakings (summary 4.27) and on types of agreement and concerted practice (summary 4.25).

The single market is a necessary but not a sufficient condition for tackling the adverse effects of transport demand growth and meeting the challenge of the newly-emerging Community-wide transport sector.

As a response to these challenges, on 2 December 1992 the Commission presented a White Paper on the 'Future development of the common transport policy', in which it puts forward a new, 'global' approach for optimizing the Community transport system. This paper makes proposals about the measures that will be necessary to facilitate the free movement of goods and persons under the best possible conditions throughout the Community without detriment to safety, without altering the environment or challenging existing social legislation. To be precise, the Commission's new global policy includes the following aims:

— the improvement and more rational utilization of transport infrastructure and means;

— increased safety for users;

— fairer working conditions;

— improved environmental protection.

This White Paper has been submitted to political bodies and professional organizations for their opinion so as to put into action a modern transport policy based on prior examination and consultation.

The Community is continuing its activities to develop trans-European networks. The approach adopted aims primarily at promoting the interconnection and interoperability of the national networks, taking account of the need to link up island, isolated and peripheral regions with the central regions of the Community (summaries 4.38 to 4.41).

As part of the programme to implement the White Paper on growth, competitiveness and employment, the Working Party responsible for speeding up completion of the trans-European networks, chaired by Mr Christophersen, has defined the project selection criteria for the transport networks and adopted three lists of priority projects.

The Commission is now studying the financial arrangements for 11 transport projects already in progress or on which a start can be made in the next two years.

4. TRANSPORT SERVICES

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

(1) Objective	To create the right conditions for instituting fair competition and ensuring minimum disturbance to the market.
(2) Community measures	Council Regulation (EEC) No 1841/88 of 21 June 1988 amending Regulation (EEC) No 3164/76 on the Community quota for the carriage of goods by road by Member States. Council Regulation (EEC) No 1053/90 of 25 April 1990 amending Council Regulation (EEC) No 3164/76 concerning access to the market in the international carriage of goods by road. Council Regulations (EEC) Nos 3914/90 and 3915/90 of 21 December 1990 amending Council Regulation (EEC) No 3164/76 concerning access to the market in the international carriage of goods by road. Council Regulation (EEC) No 881/92 of 26 March 1992 on access to the market in the carriage of goods by road within the Community to or from the territory of a Member State or passing across the territory of one or more Member States.
(3) Contents	1. These Regulations apply to the international carriage of goods by road for hire or reward. 2. Since all quantitative restrictions (quotas) were abolished on 1 January 1993, access to the market is now governed exclusively by qualitative criteria that have to be met by haulage firms and applicants for a Community road haulier licence. Detailed qualitative criteria were laid down by 30 June 1991. 3. The Community licence is issued by the relevant authorities of the Member State of establishment for five years and may be renewed.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	— Regulation (EEC) No 1841/88: 1.7.1988 — Regulation (EEC) No 1053/90: 1.5.1990 — Regulation (EEC) Nos 3914/90 and 3915/90: 1.1.1991 — Regulation (EEC) No 881/92: 1.1.1993
(6) References	Official Journal L 163, 30.6.1988 Official Journal L 108, 28.4.1990 Official Journal L 375, 31.12.1990 Official Journal L 95, 9.4.1992
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.2. Carriage of goods by road: Community safeguard mechanism

(1) Objective	To introduce a Community safeguard mechanism, to be brought into operation in the event of a crisis in the market in the carriage of goods by road.
(2) Community measures	Council Regulation (EEC) No 3916/90 of 21 December 1990 on measures to be taken in the event of a crisis in the market in the carriage of goods by road.
(3) Contents	1. The safeguard clause is an important back-up measure for the complete dismantling of the system of quotas currently regulating access to the market. 2. The Regulation applies to the carriage of goods by road in the territory of the Community between Member States for hire or reward. 3. Definition of 'crisis'. 4. The Commission collects the data required to monitor market developments and spot the existence of a crisis. 5. In the event of a crisis the Member State concerned supplies the Commission with substantive, quantified information. The Commission may then take all measures designed to prevent any further increase in haulage capacity on the affected market by placing limits on the growth of the operations of existing carriers and placing restrictions on market access for new carriers. 6. The composition and tasks of the Advisory Committee set up to assist the Commission with the implementation of this Regulation.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	1.1.1991
(6) References	Official Journal L 375, 31.12.1990
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.3. Carriage of goods by road: inland cabotage: non-resident carriers in the national market

(1) Objective	To lay down a definitive system for inland cabotage.
(2) Community measures	Council Regulation (EEC) No 3118/93 of 25 October 1993 laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State.
(3) Contents	1. Only those Community carriers authorized to operate international road-haulage services will be allowed to operate domestic-haulage services in other Member States. 2. Cabotage operations will be exempt from any quantitative restrictions on market access. 3. Subject to Community law, cabotage operations will be subject to the laws, regulations and administrative provisions in force in the host Member State in the following areas: — the prices and conditions governing the transport contract; — weights and dimensions; — requirements relating to the carriage of certain categories of goods; — driving and rest time for drivers; — VAT on transport services. The host Member State must, when applying its national provisions, take account of the principle of proportionality. 4. In the event of a market disturbance, the Commission may take any necessary safeguard measures, having collected the data needed for monitoring the market and having investigated whether a crisis exists. 5. The Regulation lays down the conditions under which the Member States must assist one another with a view to its implementation. 6. The actual date on which the definitive system of cabotage for the carriage of goods by road enters into force is 1 July 1998. This will be preceded, however, by a period of progressive introduction from 1 January 1994 to 30 June 1998 during which each Member State will have to allow non-resident carriers to operate, on a temporary basis and without quantitative restrictions, national road haulage services, in so far as such services are operated under a Community authorization and quota system for cabotage operations. 7. The quota will consist, from 1 January 1994, of 30 000 authorizations (currently 18 536), each valid for two months. There will be an annual increase of 30% starting on 1 January 1995.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	1.1.1994
(6) References	Official Journal L 279, 12.11.1993

(7) Follow-up work

(8) Commission implementing measures

Regulation (EEC) No 792/94 — Official Journal L 92, 9.4.1994
Commission Regulation of 8 April 1994 laying down detailed rules for the application of Council Regulation (EEC) No 3118/93 to road haulage operators on own account.
This Regulation lays down detailed rules for applying Article 1(4) of Regulation (EEC) No 3118/93 with regard to the issuing of cabotage authorizations and their recognition by the Member States.

4. TRANSPORT SERVICES

4.4. Carriage of goods by road: taxation of the carriage of goods by road

(1) Objective

To harmonize the levy systems — vehicle taxes, excise duties on fuel and user charges — and to establish a fair mechanism for charging infrastructure costs to hauliers in order to eliminate distortions of competition between transport undertakings in the various Member States.

(2) Community measures

Council Directive 93/89/EEC of 25 October 1993 on the application by Member States of taxes on certain vehicles used for the carriage of goods by road and tolls and charges for the use of certain infrastructures.

(3) Contents

1. The taxation arrangements for road haulage services laid down in this Directive make it possible to open cabotage operations in this sector up to competition as from 1 July 1998 (summary 4.3).
2. Definition of the limits to the scope of the Directive: it does not apply to vehicles carrying out transport operations exclusively in the non-European territories of the Member States or in the Canary Islands, Ceuta and Melilla, the Azores or Madeira.
3. Vehicle taxation:
— definition of the taxes covered by the Directive;
— the principle that the procedures for levying and collecting the taxes are to be determined by each Member State;
— the principle that the taxes are charged by the Member State in which the vehicle is registered;
— establishment of minimum tax rates. Derogations/exemptions for certain Member States, subject to compliance with certain conditions.
4. Tolls and user charges:
— specification of conditions to be fulfilled by Member States for them to be able to introduce and/or maintain tolls and/or introduce user charges (no discrimination on the grounds of the nationality of the haulier or of the origin or destination of the vehicle, no controls at internal borders, levy exclusively on users of motorways or similar roads, bridges, tunnels and roads crossing mountain passes, a maximum annual fee of ECU 1 250, etc.);
— possibility for two or more Member States to cooperate in introducing a common system for user charges, subject to compliance with certain conditions laid down in the Directive (a fair share of the revenues go to the participating Member States, etc.).
5. In addition to the taxes provided for in the Directive, the Member States may apply:
— taxes or charges levied upon registration of the vehicle or imposed on vehicles or loads of abnormal weights or dimensions;
— parking fees and specific urban traffic charges;
— charges designed to combat traffic congestion at certain times and places.

(4) Deadline for implementation of the legislation in the Member States

1.1.1995

(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 279, 12.11.1993
(7) Follow-up work	
(8) Commission implementing measures	On 9 February 1993, five Community Member States (Benelux, Germany and Denmark) signed an agreement based on Article 8 of Directive 93/89/EEC setting up a 'regional Euro-tax-disc'. This tax-disc will be required for all goods vehicles of 12 tonnes and over using the motorway networks in the five countries concerned. The tax-disc (costing between ECU 6 and 1 250) will be available for periods of one day, one week, one month or one year.

4. TRANSPORT SERVICES

4.5. Carriage of passengers by road: international carriage

(1) Objective	To ensure that road passenger transport services are freely provided on journeys within the Community, and that road safety is improved.
(2) Community measures	Council Regulation (EEC) No 684/92 of 16 March 1992 on common rules for the international carriage of passengers by coach and bus.
(3) Contents	1. The Regulation repeals Council Regulations (EEC) Nos 117/66, 516/72 and 517/72. 2. It 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. 3. Definitions of 'regular services', 'shuttle services', 'occasional services' and own-account transport operations are given. 4. Community carriers are permitted to operate passenger transport services between any Member States without discrimination on the grounds of nationality or place of establishment. 5. Regular services and shuttle services without accommodation: authorization application and issuing procedures are set out. 6. Transport undertakings operating occasional services and shuttle services with accommodation are required to produce control documents. 7. Certificates are required for own account operations. 8. Control procedures and penalties, e.g. travel documents must be supplied to passengers, transport operators must allow inspections, authorization may be withdrawn for breaches of the Regulation.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	1.6.1992
(6) References	Official Journal L 74, 20.3.1992
(7) Follow-up work	In 1995 the Commission is required to submit a report on the application of the Regulation and a proposal for a Regulation simplifying the procedures.
(8) Commission implementing measures	Regulation 1839/92/EEC — Official Journal L 187, 7.7.1992 Commission Regulation of 1 July 1992 laying down the conditions attached to the implementation of Council Regulation (EEC) No 684/92 with regard to international travel documents. This Regulation provides models for the inspection documents, waybills, authorizations and certificates provided for in Regulation 684/92/EEC.

4. TRANSPORT SERVICES

4.6. 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 without discrimination on grounds of nationality or place of establishment.
(2) Community measures	Council Regulation (EEC) No 2454/92 of 23 July 1992 laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State.
(3) Contents	1. Definitions of 'regular services', 'shuttle services', and 'occasional services'. 2. International carriers established in one Member State may temporarily operate national road passenger transport services in another Member State without first having to set up a registered office in that Member State, as from 1 January 1989. 3. The benefit in point 2 is reserved to carriers who fulfil certain strict nationality conditions which demonstrate that the carrier has a genuine link with the Community. 4. Non-resident carriers are governed by the laws and regulations of the Member State in which the transport services are operated.
(4) Deadline for implementation of the legislation in the Member States	Not required
(5) Date of entry into force (if different from the above)	— 1.1.1993 — 1.1.1996: Articles 8 and 9
(6) References	Official Journal L 251, 29.8.1992
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.7. Carriage of goods and passengers by road: admission to the occupation of road transport operator and mutual recognition of diplomas

(1) Objective

To harmonize admission to the occupation of road transport operator in national and international transport and to facilitate the effective exercise of the right of establishment of those operators.

(2) Proposal

Proposal for a Council Directive on admission to the occupation of road haulage operator and road passenger transport operator in national and international transport operations.

(3) Contents

1. This Directive consolidates existing legislation in the sense that it merely replaces Council Directives 74/561/EEC and 74/562/EEC on admission to the occupation of road haulage operators and road passenger transport operator respectively in national and international transport operations, both of which have repeatedly been amended, and Council Directive 77/796/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators, which has likewise been amended on several occasions.
2. Admission to the occupation of road transport operator:
— the Directive covers any natural person or undertaking transporting by road more than nine persons, including the driver, in motor vehicles or transporting goods in vehicles whose permissible weight, including trailers, exceeds 3.5 tonnes or whose permissible total laden weight, including trailers, exceeds 6 tonnes;
— Member States may, after consulting the Commission, exempt certain undertakings subject to the respect of certain conditions laid down in the Directive;
— the Directive specifies for the Member States the minimum criteria with which potential road transport operators must comply, namely good repute, appropriate financial standing and professional competence.
3. Mutual recognition of diplomas, certificates and other qualifications: Member States must accept as sufficient proof the certificates and documents issued by another Member State certifying that these conditions are satisfied.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal without amendment.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 9 October 1990.

The Commission presented an amended proposal on 16 December 1993.

First reading: On 20 April 1994 Parliament approved the Commission proposal without amendments.

The proposal is currently before the Council for a common position.

(6) References	Commission proposal	
	COM(88) 95 final	Official Journal C 102, 16.4.1988
	Amended proposal	
	COM(93) 586 final	Not yet published
	European Parliament opinion	
	First reading	Not yet published
	Economic and Social	
	Committee opinion	Not yet published

4. TRANSPORT SERVICES

4.8. Road safety: transport of dangerous goods by road

(1) Objective

To lay down uniform safety rules for the transport of dangerous goods by road.

(2) Proposal

Proposal for a Council Directive on the approximation of the laws of Member States with regard to the transport of dangerous goods by road.

(3) Contents

1. The Directive applies to the transport of dangerous goods by road in the Community. It does not apply to vehicles transporting postal consignments nor to the transport of dangerous goods under the control of the armed forces of a Member State.
2. Conditions under which dangerous goods may be transported packaged and in bulk. Specification of the prohibitions regarding the transport of certain goods.
3. Specification of the derogations, restrictions and exemptions regarding application of the Directive:
— cases in which Member States may provisionally retain existing national legislation in the field;
— cases in which Member States may continue to regulate on the subject;
— derogations designed to facilitate multimodal transport;
— derogation concerning use of languages;
— derogations for vehicles constructed before 31 December 1998;
— conditions relating to the display of emergency action codes;
— derogations for national transport of small quantities of certain dangerous goods;
— derogations for adaptation to technical progress;
— derogations for one-off transports to be effected within time limits not permitting amendment of the annexes;
— derogation until 31 December 1996 for certain bilateral or multilateral agreements.
4. Special provisions for vehicles registered in third countries.
5. Establishment of a committee composed of representatives of the Member States, whose function is to deliver opinions on draft legislation in the field.
6. Certificates issued on the basis of Directive 89/684/EEC may be used until 31 December 1996, 1 July 1997 or 1 January 2000 at the latest, depending on the type of transport concerned.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments to limit the derogation concerning the use of packaging not certified on national territory and to exclude from the derogation small quantities of moderately and highly radioactive substances or products.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 25 November 1993.

First reading: On 3 May 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 2 June 1994.

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

(6) References

Commission proposal	
COM(93) 548 final	Official Journal C 17, 20.1.1994
Amended proposal	
COM(94) 238 final	Not yet published
European Parliament opinion	
First reading	Not yet published
Economic and Social Committee opinion	Not yet published

4. TRANSPORT SERVICES

4.9. Road safety: checks on the transport of dangerous goods by road

(1) Objective	To harmonize procedures for checks on the transport of dangerous goods by road in order to make them more efficient.
(2) Proposal	Proposal for a Council Directive on uniform procedures for checks on the transport of dangerous goods by road.
(3) Contents	1. The Directive applies to checks carried out by Member States on the transport of dangerous goods by road in vehicles entering or travelling in their territory. It does not apply to vehicles transporting postal consignments or to the transport of dangerous goods under the control of the armed forces of a Member State. 2. These checks may be carried out in the territory of a Member State, provided that they are not carried out at the internal frontiers of the Community, but as part of normal checks without discrimination. 3. These checks must cover at least the items included in the checklist in Annex I to the Directive, be carried out at different places, at any time of the day, and cover a sufficiently extensive portion of the road network to make checkpoints difficult to avoid. 4. Consignments found to be in infringement must be immobilized, and obliged to be brought into conformity before continuing their journey, or be subject to other appropriate measures. 5. Checks may also be carried out at the premises of undertakings. 6. Member States assist each other to give proper effect to this Directive (report of the infringement to the State in which the carrier is registered, cooperation between Member States to exchange information, etc.).
(4) Opinion of the European Parliament	First reading: Parliament approved the Commission's proposal subject to certain amendments. They were of a technical nature.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 15 December 1993. First reading: On 3 May 1994 Parliament approved the Commission proposal subject to amendments. The Commission accepted some of the amendments. An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.
(6) References	Commission proposal COM(93) 665 final — Official Journal C 26, 29.1.1994 European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Not yet published

4. TRANSPORT SERVICES

4.10. Road safety: Community database on road traffic accidents

(1) Objective	To counter road traffic accidents and the consequences suffered by accident victims.
(2) Community measures	Council Decision 93/704/EEC of 30 November 1993 on the setting-up of a Community database on road traffic accidents.
(3) Contents	1. Requirement that Member States record statistics on bodily damage caused by road traffic accidents taking place on their territory (collision between users involving at least one vehicle and causing deaths or injuries). 2. Requirement that the Member States pass on those data each year to the Statistical Office of the European Communities (SOEC). 3. Requirement that the Commission ensures that the data received are disseminated and that the base functions properly (conditions attached to access to statistics, any publications, etc.) in cooperation with the Committee for the statistical programme responsible for assisting the Commission in taking its decisions. 4. Three years after implementation of this decision, the Commission will send the Council an assessment report on the results obtained and on the resultant pointers for the continuation of the activities.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	22.12.1993
(6) References	Official Journal L 329, 30.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.11. Road safety: action programme on road safety

(1) Objective	To improve road safety in order to reduce the number of accidents in the Community.
(2) Community measures	Commission communication to the Council for an action programme on road safety.
(3) Contents	1. The communication describes the nature and scope of Community action on road safety. 2. List of Community rules already in place on road safety. Legislation exists specifically on road safety under the common transport policy (legislation on the transport of dangerous goods by road, rules relating to the weight and dimensions of certain road vehicles, etc.) and under other policies (Directive on driving licence, speed limiters, etc.). 3. List of actions under way: — existing proposals for legislation (proposal to fix speed limits, fix maximum blood alcohol levels for drivers, etc.); — other actions under way (aimed at improving the behaviour of road users, vehicle safety, infrastructure and knowledge in this area); — research programmes (aimed at improving infrastructure, movement of road users, telematic networks and new technologies). 4. List of proposals planned in the short and medium term in the field of road safety: — definition of guidelines of action programme (global, integrated approach observing the principle of subsidiarity); — list of priority fields and new initiatives (establishment of a Community databank, active and passive safety of vehicles, education and training of users, measures relating to behaviour, infrastructure and road safety, measures to improve the safety of transport of dangerous materials by road and problems connected with aspects of advertising detrimental to road safety); — implementation of the programme.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	Not required.
(6) References	Commission communication COM(93) 246 final — Not yet published
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.12. Rail transport: development of the Community's railways

(1) Objective

To grant the right of access to railway infrastructure to undertakings wishing to provide international combined transport services and to associations of railway undertakings wishing to offer international services between the countries in which they are established.

(2) Community measures

Council Directive 91/440/EEC of 29 July 1991 on the development of the Community's railways.

(3) Contents

1. The aim of the Directive is to facilitate the adaptation of the Community's railways to the needs of the single market and to increase their efficiency, in particular by separating the management of railway operation and infrastructure from the provision of railway transport services.
2. The Directive applies to the management of railway infrastructure and to the rail transport activities of the railway undertakings established or to be established in the Community, with the exception of railway undertakings whose activity is limited to the provision of solely urban, suburban or regional services.
3. Management independence of railway undertakings:
— railway undertakings must have independent status (in particular budgets and accounts which are separate from those of the State) as regards management, administration and internal control over administrative, economic and accounting matters;
— commercial undertakings must be administered in accordance with the principles which apply to commercial companies;
— railway undertakings must determine their business plans in such a way as to achieve financial equilibrium and other technical, commercial and financial management objectives;
— railway undertakings may set up groupings with railway undertakings established in other Member States.
4. Separation between infrastructure management and transport operations:
— Member States must take the measures necessary to ensure that the accounts for business relating to the provision of transport services and those for business relating to the management of railway infrastructure are kept separate;
— Member States must take the measures necessary for the development of their national railway infrastructure and may entrust the management to the railway undertaking;
— a non-discriminatory user fee must be charged to railway undertakings and international groupings which use the infrastructure.
5. Improvement of the financial situation. Member States must set up, in conjunction with the existing public owned or controlled railway undertakings, mechanisms to help reduce the indebtedness of such undertakings.
6. Access to railway infrastructure. International groupings must be granted access and transit rights in different Member States provided they comply with certain conditions laid down in the Directive.

	7. Setting up of an Advisory Committee to assist the Commission on all matters concerning the application of the Directive.
(4) Deadline for implementation of the legislation in the Member States	1.1.1993
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 237, 24.8.1991
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.13. Rail transport: licensing of railway undertakings

(1) Objective

To ensure the application of common conditions for entry into the Community rail market, particularly in the context of the new access rights under Directive 91/440/EEC.

(2) Proposal

Proposal for a Council Directive on the licensing of railway undertakings.

(3) Contents

1. The Directive concerns the criteria applicable to the granting, maintenance and amendment of operating licences by Member States for railway undertakings established in the Community. Member States may exclude from the scope of this Directive railway undertakings whose activity is limited to the provision of solely urban, suburban or regional services, in so far as those services do not involve the joint use of infrastructure with undertakings subject to this Directive.
2. Member States must designate the authority responsible for granting railway operating licences.
3. Operating licence. Railway undertakings may apply for an operating licence granting access to railway infrastructure if they meet the requirements of this Directive. Access to train paths is, however, subject to a safety certificate.
4. Conditions for obtaining an operating licence. Requirements in relation to good repute, financial fitness and professional competence. Definition of conditions under which such requirements are met.
5. Obligation on railway undertakings to have third party insurance cover.
6. Validity of operating licences. The licensing authority may review the situation after one year and thereafter every five years.
7. The licensing authority may suspend, revoke or amend an operating licence under certain circumstances. For example, the licence may be revoked if there is serious doubt that the requirements of the Directive are being met.
8. The railway undertaking must also respect any national laws which are compatible with Community law.
9. Railway undertakings carrying out international transport services must respect the agreements applicable to international rail transport in force in the Member States in which they operate.
10. Notification of the procedures for the granting of operating licences.
11. The licensing authority must take a decision within two months of receiving all relevant information.
12. Member States must ensure that the decisions of the licensing authority are subject to judicial review.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments seek among other things to define certain terms used in the Directive or to clarify the procedure to be adopted for granting patents.

(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 15 December 1993. First reading: On 3 May 1994, Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. An amended proposal incorporating the amendments proposed by the Commission is awaited.
(6) References	Commission proposal COM(93) 678 final — Official Journal C 24, 28.1.1994 European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Not yet published

4. TRANSPORT SERVICES

4.14. Rail transport: allocation of railway infrastructure capacity and the charging of infrastructure fees

(1) Objective

To create a regime which guarantees to new undertakings operating following the implementation of Directive 91/440/EEC firstly transparency and non-discrimination in allocating infrastructure capacity and secondly payment by users in full of the real costs of the facilities that they use.

(2) Proposal

Proposal for a Council Directive on the allocation of railway infrastructure capacity and the charging of infrastructure fees.

(3) Contents

1. The Directive sets out the principles and procedures to be applied with regard to the allocation of railway infrastructure capacity and the charging of infrastructure fees.
2. Allocation of infrastructure capacity:
— the responsible authority must respect the objectives of non-discrimination and economic efficiency apart from exceptional cases (e.g. to enable services of a social nature to be provided). A compensatory payment must be made in the event of derogation from the principle of market pricing;
— the responsible body may grant a priority right to access to operators of certain types of services and/or in certain areas if they are indispensable to ensure adequate services and provided that the competition provisions of the Treaty have been satisfied.
3. Charging of infrastructure fees:
— the rail infrastructure manager must cover the full cost of the system;
— Member States must lay down the rules for determining infrastructure fees in accordance with the following principles — market prices, no abusively high fees, and prior notification of infrastructure charges;
— possibility of grouped payments for a set of social services covered by State aid.
4. Procedures for allocating infrastructure capacity and rules governing applications.
5. Possibility of making the application for access subject to the payment of a deposit. Rules governing such deposit.
6. Applications for infrastructure capacity may request the allocation body to carry out an appropriate review of decisions taken by the infrastructure manager.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments seek among other things to clarify the definition of certain terms.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 15 December 1993.

First reading: On 3 May 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.

(6) References

Commission proposal COM(93) 678 final	Official Journal C 24, 28.1.1994
European Parliament opinion First reading	Not yet published
Economic and Social Committee opinion	Not yet published

4. TRANSPORT SERVICES

4.15. Maritime transport: 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 waterway transport services in a Member State.

(2) Community measures

Council Regulation (EEC) No 3921/91 of 16 December 1991, laying down the conditions under which non-resident carriers may transport goods or passengers by inland waterway within a Member State.

(3) Contents

1. From 1 January 1993, carriers of goods or passengers by inland waterway may transport goods or passengers by inland waterway for hire or reward in a Member State in which they are not established ('cabotage').
2. Carriers may temporarily carry out cabotage services in the Member State in question without having to set up a registered office or other establishment, provided that they comply with the legislation of the Member State in which they are established, and on condition that they are authorized to transport goods or persons internationally by inland waterway.
3. The Regulation also stipulates that in providing cabotage services, carriers may only use vessels belonging to one of the following:
— natural persons domiciled in a Member State and nationals of a Member State;
— legal persons with their registered office in a Member State and in which Member State nationals hold a controlling interest.

Provided that they consult the Commission, Member States may, in exceptional cases, waive this last condition.
4. Carriers will require a certificate, to be issued by the Member State in which the vessel is registered or by the Member State in which the owner of the vessel is established, asserting that they satisfy the above conditions.
5. In certain fields that are specified in the Regulation, cabotage operations are required to observe the laws and regulations of the host Member State, subject to the application of Community rules.
6. Up to 1 January 1995, two-trip cabotage operations in the French Republic and one-trip cabotage operations in the Federal Republic of Germany will be restricted to the direct homeward route following the international carriage of goods or passengers. In Germany, this regulation will not apply to transport between ports situated within the new *Länder* and Berlin until 1 January 1995.

(4) Deadline for implementation of the legislation in the Member States

(5) Date of entry into force (if different from the above)

(6) References

(7) Follow-up work

(8) Commission implementing measures

Official Journal L 373, 31.12.1991

4. TRANSPORT SERVICES

4.16. Maritime transport: freedom to supply services, competition, unfair pricing practices and free access to ocean trade

(1) Objective

To organize maritime transport in accordance with the basic principles of Community law.

(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 to ocean trade.

(3) Contents

These objectives are to be achieved by implementing four separate regulations. The original proposal on freedom to provide services also contained a section on the freedom to provide services in sea transport within Member States (for example, the right of a French ship to carry passengers or goods between two British ports). This part is still being considered ('maritime cabotage' — summary 4.17).

Regulation (EEC) No 4055/86
1. The Regulation gives Member State nationals (and third-country shipping companies using ships registered in a Member State and 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 are being phased out.
3. Adjustment or phasing out of existing cargo sharing arrangements in bilateral agreements with third countries.
4. Cargo sharing arrangements in future bilateral agreements with third countries will be limited to those Member States whose shipping companies would not otherwise have an opportunity to ply for trade to and from a particular third country.
5. Course of action where Member State shippers have no effective opportunity to ply for trade to and from a particular third country.
6. Possible extension of the benefits of the Regulation to third country nationals established in the Community.

Regulation (EEC) No 4056/86
1. Definitions of 'tramp services', 'liner conference agreement' and 'user'.
2. The Regulation lays down the rules for applying Articles 85 and 86 of the Treaty (free competition) to maritime transport. The transport must be between one or more Community ports, and excludes tramp vessel services.

3. Technical agreements whose sole object is to achieve technical improvements or cooperation are exempted by the Regulation from prohibition under Article 85(1) of the Treaty.

4. Exemptions from prohibition under Article 85(1) for liner conference agreements subject to specified conditions. These are agreements which coordinate shipping timetables, determine the frequency of sailing, allocate sailings among members of the conference, fix rates and conditions of carriage, regulate carrying capacity, or allocate cargo or revenue among members.

5. Monitoring of exempted agreements to ensure compliance.

6. Conflicts of international law as a result of application of the Regulation. The Commission may need to negotiate with third countries.

7. Procedure for complaints and objections.

8. Liaison with the appropriate authorities of the Member States.

9. Investigating powers of the Commission.

10. Financial sanctions (fines and penalty payments) 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 countermand, reduce or increase the fine or penalty payment imposed by the Commission.

Regulation (EEC) No 4057/86

1. The Regulation enables the EEC to apply redressive duties in order to protect Community shipowners from unfair pricing practices by third-country shipowners.

2. Examination of alleged injuries due to unfair pricing practices, e.g. reduction in the shipowner's market share, profits and employment.

3. The procedure for complaints, consultations, and subsequent investigations.

4. Provisions for the imposition of redressive duties on foreign shipowners. These follow an investigation which demonstrates that injury is caused by unfair pricing practice and that the interests of the Community make intervention necessary.

5. Price undertakings by third-country shipowners; refunds on collected duty for cases where the shipowner can show that the collected duty exceeds the difference between the freight rate charged and the normal freight rate.

Regulation (EEC) No 4058/86

1. The Regulation applies when action by a third country or by its agents restricts free access by shipping companies of Member States or by ships registered in a Member State to the transport of liner cargoes, bulk or other cargoes, except where such action is taken in conformity with the UN Liner Code.

2. Definitions of 'home trader' and 'cross-trader'.

3. Coordinated action by the Community following a request by a Member State to the Commission. Such action might include diplomatic representation to the third countries concerned and countermeasures directed at the shipping companies concerned.

4. Similar coordinated action can be carried out at the request of another OECD country with which a reciprocal arrangement has been concluded.

(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	— 1.1.1987 Regulation (EEC) No 4055/86 Adaptation up to 1 January 1995, pursuant to Council Regulation (EEC) No 90/3573 (Official Journal L 353, 17.12.1990), of the agreements concluded by the former German Democratic Republic — 1.7.1987 Regulation (EEC) No 4056/86 — 1.7.1987 Regulation (EEC) No 4057/86 — 1.7.1987 Regulation (EEC) No 4058/86
(6) References	Official Journal L 378, 31.12.1986
(7) Follow-up work	Regulation (EEC) No 4055/86: The Council shall review this Regulation by 1 January 1995. At the Transport Council meeting of 18 and 19 June 1990, the Commission presented an oral report on the application of the Council Regulations summarized above.
(8) Commission implementing measures	Commission report to the Council on the implementation of the four Regulations.

4. TRANSPORT SERVICES

4.17. Maritime transport: freedom to provide services within the Member States (ocean trade)

(1) Objective	To eliminate restrictions on the freedom to provide maritime transport services within Member States.
(2) Community measures	Council Regulation No 3577/92/EEC of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage).
(3) Contents	1. This Regulation grants freedom to provide maritime transport services within a Member State (maritime cabotage) for Community shipowners operating ships registered in a Member State, flying the flag of that Member State, and registered in EUROS (as soon as EUROS is approved by the Council); subject to these ships complying with all the conditions for carrying out cabotage within that Member State. 2. Definitions of 'maritime transport services within a Member State (maritime cabotage)', 'Community shipowners', 'public service contract', 'public service obligations', and 'serious disturbance of the internal transport market'. 3. Depending on the kind of transport service, matters relating to manning are the responsibility either of the Member State of registration or of the Member State in which the cabotage service is performed. 4. Member States may make the right to provide transport services subject to public service obligations in the interests of maintaining adequate cabotage services between the mainland and its islands and between the islands themselves. 5. Safeguard measures may be taken by the Commission where the internal market is seriously disrupted by the liberalization of cabotage. Such measures may include the temporary exclusion of the area concerned from the scope of the Regulation. 6. Persons providing maritime transport services may do so temporarily in the Member State in which the transport services operate on the same terms as those applied by the Member State in question to its own nationals. 7. Maritime cabotage was liberalized on 1 January 1993. In the case of France, Italy, Greece, Portugal and Spain mainland cabotage will be gradually liberalized according to a specific timetable for each type of transport service. Mainland-island and inter-island cabotage will not be liberalized until 1999 for these countries. This exemption will continue to apply until 2004 for scheduled passenger and lighter services and services involving vessels of less than 650 gross tonnage in the case of Greece.
(4) Deadline for implementation of the legislation in the Member States	1.1.1993

(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 364, 12.12.1992
(7) Follow-up work	
(8) Commission implementing measures	Decision 93/125/EEC — Official Journal L 49, 27.2.1993 Commission Decision of 17 February 1993 on Spain's request for adoption by the Commission of safeguard measures under Article 5 of Council Regulation (EEC) No 3577/92 against applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage). This Decision authorizes Spain to exclude the Spanish mainland, during six months from the date of notification of this Decision, from the scope of Regulation (EEC) No 3577/92. The exclusion does not apply to feeder services. If no Spanish vessel is available to meet the demand for cabotage transport services, other Member States' vessels will be allowed to offer such services. The Decision was partially extended by Commission Decision 93/396/EEC (Official Journal L 173, 16.7.1993), which prolongs the exemption accorded to mainland Spain from the implementation of Regulation (EEC) No 3577/92 for a period of six months as from 17 August 1993, but only for the following cabotage services: transport of break-bulk general cargo, transport of dry bulk cargo (except for the transport of cement or clinker in specialized cement carriers) and transport of chemical products in specialized tankers. The remaining mainland cabotage trades, with the exception of those referred to in Article 6(1) of Regulation (EEC) No 3577/92 which are subject to special derogations, are liberalized as from 17 August 1993. The exclusion does not apply to feeder services. In the event that no Spanish vessel can meet a demand for cabotage services, other Member States' vessels may offer such services.

4. TRANSPORT SERVICES

4.18. Maritime transport: access to the occupation of carrier of goods by waterway and mutual recognition of diplomas

(1) Objective	To promote access to the occupation and the effective exercise of the carriers' right of establishment.
(2) Community measures	Council Directive 87/540/EEC of 9 November 1987 on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation.
(3) Contents	1. Access to the occupation of carrier of goods by waterway: — definition of certain terms used in the Directive (undertakings, etc.); — the Directive does not apply to natural persons or undertakings pursuing the occupation of carrier using vessels with a deadweight capacity at maximum draft not exceeding 200 tonnes, nor to natural persons or undertakings operating ferries (the limit of 200 tonnes may be lowered by the Member States); — conditions that must be met for access to the occupation of carrier of goods by waterway: requirements relating to professional competence, explanation of the conditions in which these requirements are met, issue of a certificate confirming professional competence, action in the event of these conditions not being met; recourse for undertakings in the event of an application for access to the occupation of carrier being rejected. 2. Mutual recognition of diplomas, certificates and other evidence of formal qualifications: — obligation to recognize the certificates referred to in point 1 which have been issued by another Member State as sufficient proof of professional competence; — the procedures for establishing proof of good repute and financial soundness of the carrier are explained where a Member States imposes such requirements; — extension of the application of these provisions to nationals of Member States required to engage as employed persons in the activities of carrier of goods.
(4) Deadline for implementation of the legislation in the Member States	30.6.1988
(5) Date of entry into force (if different from the above)	

(6) References	Official Journal L 322, 12.11.1987
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.19. Maritime safety: requirements for vessels carrying dangerous or polluting goods

(1) Objective

To avoid conditions likely to cause accidents during the transport of dangerous or polluting goods and to reduce the resulting damage when such accidents occur.

(2) Community measures

Council Directive 93/75/EEC of 13 September 1993 concerning minimum requirements for vessels bound for or leaving Community ports and carrying dangerous or polluting goods.

(3) Contents

1. The Directive lays down the minimum requirements that Member States will have to impose on masters or operators of vessels bound for or leaving a Community port and carrying dangerous or polluting goods in bulk or in packaged form.
2. It does not apply to warships and other official ships used for non-commercial purposes, or to bunkers, stores and equipment for use on board ships.
3. Requirement on Member States to designate, and inform the Commission of, the competent authorities to which the information and notifications provided for in the Directive are to be addressed.
4. No dangerous or polluting goods may be transported or taken on board unless a declaration has been delivered containing the correct technical names of the goods, the United Nations (UN) numbers where they exist, the IMO hazard classes in accordance with the IMDG, IBC and IGC codes, the quantities of such goods and, if in portable tanks or freight containers, their identification marks.
5. Obligation to provide information on the carriage of such goods:
— the operator of a vessel leaving a port in a Member State must notify before departure of the vessel all information listed in Annex I to the competent authority of that Member State;
— the operator of a vessel coming from a port located outside the Community and bound for a port located in the Community or an anchorage located in a Member State's territorial waters must, as a condition for the entry into that port or anchorage, notify on departure from the loading port, all information listed in Annex I to the competent authority of the Member State in which the first port of destination or anchorage is located;
— vessels entering or leaving a port located in a Member State must make use of the service provided by the local vessel traffic service (VTS), where they exist, or make use of pilots.
6. Obligation to provide information in the case of an incident:
— the competent authority of the Member State concerned must be informed immediately of any incident or circumstance at sea which poses a threat to its coastline or related interest;
— notification must be effected in accordance with IMO Resolution A 648(16) and must be made at least in all circumstances set out in that Resolution.
7. The master of the vessel must complete truly and accurately a check list as reproduced in Annex II to the Directive and make it available to the pilot for his information and to the competent authority, if it so requests.

	8. The competent authority of the Member State concerned must broadcast within the relevant areas any incident and information with regard to any vessel which poses a threat to other shipping. 9. The competent authorities in the Member States must exchange the information required for safety reasons. 10. Setting up of a committee composed of representatives of the Member States, chaired by the Commission representative and responsible for giving its opinion on the measures to be taken. 11. The Commission has to submit a report to the Council by 31 December 1995 concerning the implementation of the Directive.
(4) Deadline for implementation of the legislation in the Member States	13.9.1994
(5) Date of entry into force (if different from the above)	13.9.1993
(6) References	Official Journal L 247, 5.10.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.20. Maritime safety: European vessel reporting system

(1) Objective

To improve information on shipping movements in order to improve the safety of maritime traffic and prevent pollution.

(2) Proposal

Proposal for a Council Directive concerning the setting up of a European vessel reporting system in the maritime zones of Community Member States.

(3) Contents

1. The objective of the Directive is to set up in the Community a vessel reporting system in order to improve the safety of shipping and the prevention of pollution by ships.
2. It does not apply to warships and other official vessels used for non-commercial purposes, nor to stores and equipment for use on board.
3. The Directive sets up a European vessel reporting system (Eurorep) comprising a general reporting system and a system for reporting to vessel traffic services (VTSs).
4. Member States must designate the competent authorities and VTS which are to receive the information and reports provided for in this Directive and inform the Commission accordingly.
5. Obligation to provide information concerning the carriage of goods:
— the captain of any vessel carrying dangerous or polluting goods which participates in the Eurorep system must notify the competent authority of the Member State concerned of its entry into and intended movements in the Eurorep zone and each Eurorep subzone in accordance with the procedures described in Annex II;
— every vessel must report its name, call sign, its IMO identification number if any, its position, course and where necessary the presence on board of dangerous or polluting goods to the competent VTS on entering the zone for which the VTS is responsible;
— Member States must ensure that the competent VTSs under their jurisdiction are equipped in particular with appropriate surveillance radar and communications facilities, and are run in accordance with the International Maritime Organization (IMO) guidelines on vessel traffic services in force at the time of adoption of this Directive, particularly those set out in IMO Resolution A 578 (14).
6. Participation in the Eurorep system is mandatory for any vessel carrying dangerous or polluting goods which is bound for a Community port or intending to anchor in the territorial waters of a Member State, entry into that port or anchorage in those territorial waters being conditional upon such participation, or flies the flag of a Community Member State. This requirement will probably be extended to transiting vessels on the entry into force of the amendments to the SOLAS Convention concerning mandatory reporting.
7. Obligation on the Commission:
— to submit to the Advisory Committee set up by Directive 93/75/EEC (summary 4.19), in good time, a draft of the detailed technical measures necessary to implement the Eurorep system;
— to ask its opinion on the measures to be taken.

(4) Opinion of the European Parliament	First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments sought among other things to point out that the setting up of a European vessel reporting system requires a draft of the technical measures in order to harmonize the operation of all the VTS systems, and the installation of highly efficient vessel identification systems.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 17 December 1993. First reading: On 20 April 1994, Parliament approved the Commission proposal subject to amendments. The Commission has approved some of the amendments. The Commission presented an amended proposal on 7 June 1994. The amended proposal is currently before the Council for a common position.
(6) References	Commission proposal COM(93) 647 final — Official Journal C 22, 26.1.1994 Amended proposal COM(94) 220 final — Not yet published European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Not yet published

4. TRANSPORT SERVICES

4.21. Maritime safety: minimum level of training for maritime occupations

(1) Objective

To lay down a minimum level of training for seafarers in the Community in order to improve the safety of shipping.

(2) Proposal

Proposal for a Council Directive on the minimum level of training for maritime occupations.

(3) Contents

1. The Directive applies to seafarers serving on board ships registered in a Member State of the Community and/or the Community Euros register, except warships or other ships owned or operated by a Member State and engaged in government non-commercial service, all fishing vessels and pleasure yachts not engaged in trade.
2. Member States are required to ensure that masters, officers, ratings and persons designated to be responsible for survival craft (lifeboatmen) hold a vocational competence certificate awarded or recognized by the competent authority showing that they have successfully completed training relevant to the occupation they wish to exercise on baord the vessel.
3. A vocational competence certificate means any valid document issued by or under the authority of the competent authority of a Member State or recognized by the authority authorizing the holder to serve as stated in the document or as authorized by national regulations, where this document certifies a minimum level of training for each occupation pursuant to the provisions of the Directive.
4. The training required to obtain the certificate is based on the provisions of the IMO 1978 International Convention on the training of seafarers (STCW).
5. Member States are required to ensure that, on board ships, the members of the crew are able to communicate with each other and that, on board passenger ships, the crew are able to communicate with passengers in critical situations.
6. Provisions relating to seafarers who are not nationals of a Member State and do not possess the abovementioned vocational competent certificate and to ships flying a third country flag with crews from one or more third countries to ensure that the crews concerned have received adequate training that meets the standards laid down in the IMO's STCW Convention of 1978.
7. Member States are able to take action if crews are unable to provide proof of the professional proficiency required.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to a number of amendments. These are designed in particular to define certain terms and reinforce Member States' checks on ships.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 27 May 1993.

First reading: On 9 March 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 21 April 1994.

On 13 June 1994 the Council reached political agreement on a common position. Formal adoption is scheduled for the next meeting.

(6) References

Commission proposal	
COM(93) 217 final	Official Journal C 212, 5.8.1993
Amended proposal	
COM(94) 124 final	Official Journal C 144, 27.5.1994
European Parliament opinion	
First reading	Not yet published
Economic and Social Committee opinion	Official Journal C 34, 2.2.1994

4. TRANSPORT SERVICES

4.22. Maritime safety: ship inspection and survey organizations

(1) Objective

To adopt the measures to be taken by the Member States and organizations concerned with the inspection, survey and certification of ships in order to ensure effective application of the international Conventions.

(2) Proposal

Proposal for a Council Directive on common rules and standards for ship inspection and survey organizations.

(3) Contents

1. The purpose of this Directive is to adopt the measures which must be taken by the Member States and organizations concerned with the inspection, survey and certification of ships in order to ensure effective application of the international Conventions.
2. An obligation is imposed on the Member States to ensure that their competent administrations can guarantee appropriate enforcement of the provisions of the international Conventions.
3. An obligation is placed on the Member States to make sure that they entrust inspection, survey and certification duties to recognized organizations only.
4. An obligation is placed on the Member States to recognize only organizations which meet the criteria set out in the annex to the Directive.
5. If one of the abovementioned duties is entrusted to a recognized organization in a non-Community country, the Member States may request reciprocal recognition.
6. If these duties are delegated to recognized organizations, a working relationship must be established between the relevant national authorities and the organizations authorized to act on their behalf.
7. An advisory committee has been set up to assist the Commission.
8. A procedure has been established for cases where a Member State suspends the authorization of a recognized body.
9. An obligation is imposed on each Member State to monitor the recognized organizations or, in the case of organizations located in another Member State, to review the control exercised over of such organizations by the administration of the other Member States.
10. An obligation has been placed on the Member States to ensure that ships flying a third state flag are not treated more favourably than ships entitled to fly the flag of a Member State.
11. A procedure is laid down for the recognition of organizations, updating of the recognition criteria and for the suspension or withdrawal of recognition.
12. An obligation is placed on every Member State to ensure that, where no international standards exist, the key components of vessels flying their flag are constructed and maintained in accordance with the standards laid down by a recognized organization.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. The main objective of these is to define certain technical terms used in the Directive and to clarify the role of the Member States and of the Commission in the recognition procedure.

(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 19 May 1993. First reading: On 9 March 1994 Parliament approved the Commission proposal subject to amendments. On 6 April 1994 the Commission presented an amended proposal incorporating all the amendments it accepted. On 13 June 1994 the Council reached political agreement on a common position. Formal adoption is scheduled for the next meeting.	
(6) References	Commission proposal COM(93) 218 final	Official Journal C 167, 18.6.1993
	Amended proposal COM(94) 111 final	Official Journal C 124, 5.5.1994
	European Parliament opinion First reading	Not yet published
	Economic and Social Committee opinion	Official Journal C 34, 2.2.1994

4. TRANSPORT SERVICES

4.23. Maritime safety: enforcement of international standards for ship safety, pollution prevention and shipboard living and working conditions

(1) Objective

To establish the legal framework needed for the introduction of a harmonized port State control system with a view to reducing the number of substandard vessels operating in Community waters and, with the aid of these preventive measures, enhancing safety at sea and protection of the marine environment.

(2) Proposal

Proposal for a Council Directive concerning the enforcement, in respect of shipping using Community ports and sailing in the waters under the jurisdiction of the Member States, of international standards for ship safety, pollution prevention and shipboard living and working conditions.

(3) Contents

1. The purpose of this Directive is to improve maritime safety in Community waters by attempting to ban substandard shipping from them.
2. Scope of the Directive. This Directive applies to all merchant shipping at a seaport of a Member State or sailing in the waters under its jurisdiction. Ships flying the flag of a State which is not a party to a Convention may not be given more favourable treatment.
3. An obligation is placed on the Member States to establish and maintain national maritime administrations ('competent authorities') for the inspection of ships in their ports or in the waters under their jurisdiction.
4. Inspection obligations. Each Member State is under an obligation to inspect at least 25% of the ships flying other countries' flags which enter their ports. Selection criteria for deciding which vessels to inspect are laid down. No further inspections will be carried out on vessels which have been inspected within the previous six months.
5. Inspection procedure. A list of the certificates and documents to be inspected and of the types of inspection to be carried out is laid down, together with the rules to be followed if a more detailed inspection proves necessary.
6. Enhanced controls must be carried out on:
— oil tankers within five years or less of the date of phasing out;
— bulk carriers older than 12 years of age;
— passenger ships.
7. On completion of the inspection, the surveyor must provide the master with an inspection report.
8. An obligation is placed on the Member States to ensure that any deficiencies revealed in the course of the inspection are rectified. Conditions warranting detention of the ship are laid down.
9. Follow-up of inspections and detention. The conditions to be met in order to allow a vessel to proceed to a repair yard are laid down. Notification must be given of all such movements and of the measures taken. Penalties may be imposed in the event of refusal to comply with the competent authorities' requests (refusal of access to any port within the Community).
10. Rules are laid down on the professional competence and qualification criteria for surveyors.

	11. Pilots and port authorities are under an obligation to report any deficiencies which they detect. 12. An obligation is placed on the Member States to ensure that their competent authorities cooperate with their counterparts in other Member States. 13. Each competent authority is under an obligation to publish, once every quarter, details of the number of detentions ordered. Rules are laid down on the information to be provided. 14. Owners or operators of deficient vessels warranting detention are under an obligation to pay a fee covering the reinspection costs. 15. Member States are under an obligation to supply each year details of the number of surveyors working on their behalf and of the number of ships entering their ports. 16. An advisory committee has been set up to assist the Commission.
(4) Opinion of the European Parliament	Not yet delivered.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 16 March 1994. The proposal is currently before Parliament and the Economic and Social Committee for their opinions.
(6) References	Commission proposal COM(94) 73 final Not yet published

4. TRANSPORT SERVICES

4.24. Structural improvements in inland waterway transport

(1) Objective	To reduce overcapacity in the inland waterway transport sector
(2) Community measures	Council Regulation (EEC) No 1101/89 of 27 April 1989 on structural improvements in inland waterway transport Amended by the following measures: Council Regulation (EEC) No 3572/90 of 4 December 1990; Council Regulation (EC) No 844/94 of 12 April 1994
(3) Contents	1. Statement of measures for the structural improvement of inland waterway transport: — the scrapping of vessels and the payment of a premium to owners in order to reduce overcapacity in inland waterway transport; — supporting measures to avoid aggravation of existing overcapacity or the emergence of further overcapacity. This measure is known as the 'old for new' rule and applies until 28 April 1999. 2. Description of vessels covered by the Regulation and those excluded. 3. Setting-up of a Scrapping Fund in each of the Member States concerned. 4. Payment of an annual contribution into the Funds by vessel owners for repayment of the sums prefinanced for the scrapping scheme by the Member States concerned. 5. Establishment of mutual financial support between the Funds in order to ensure that the time limit for repayment of these loans is the same for all the Funds. 6. Possibility for Member States concerned to take measures to make it easier for inland waterway carriers to obtain a retirement pension or to transfer to another economic activity. 7. Regulation (EEC) No 3572/90 sets out the provisions applicable following German unification.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	— Regulation (EEC) No 1101/89: 28.4.1989 — Regulation (EEC) No 3572/90: 17.12.1990 — Regulation (EC) No 844/94: 12.4.1994
(6) References	Official Journal L 116, 28.4.1989 Official Journal L 353, 17.12.1990 Official Journal L 98, 16.4.1994
(7) Follow-up work	
(8) Commission implementing measures	Regulation (EEC) No 1102/89 — Official Journal L 116, 28.4.1989 Commission Regulation of 27 April 1989 laying down certain measures for implementing Council Regulation (EEC) No 1101/89 on structural improvements in inland waterway transport.

This Regulation has been amended by the following Regulations:
Regulation (EEC) No 3685/89 — Official Journal L 360, 9.12.1989
Regulation (EEC) No 317/91 — Official Journal L 37, 9.2.1991
Regulation (EEC) No 3690/92 — Official Journal L 347, 22.12.1992
Regulation (EC) No 3433/93 — Official Journal L 314, 16.12.1993

4. TRANSPORT SERVICES

4.25. Air transport: application of competition rules

(1) Objective	To enhance competition in the air transport sector. This will be done gradually in order to avoid disruption.
(2) Community measures	Council Regulation (EEC) No 3976/87 of 14 December 1987 on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector. Council Regulation (EEC) No 2411/92 of 23 July 1992 amending Council Regulation (EEC) No 3976/87 on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector.
(3) Contents	1. The Regulations apply to all international air transport between Community airports, including transport within a Member State. 2. The Commission may, by Regulation, declare that Article 85(1) does not apply to certain categories of agreements between undertakings, decisions of associations of undertakings and concerted practices concerning: — the allocation of seat capacity and the coordination of timetables; — consultations on tariffs; — certain agreements on joint operation of new services; — slot allocation at airports; — computer reservation systems. 3. Any Regulation adopted in point (2) above will apply for a specified period. 4. The Commission may withdraw the benefit of exemptions specified in point 2 in individual cases.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	— Regulation (EEC) No 3976/87: 1.1.1988 — Regulation (EEC) No 2411/92: 27.8.1992
(6) References	Official Journal L 374, 31.12.1987 Official Journal L 240, 24.8.1992
(7) Follow-up work	
(8) Commission implementing measures	— Regulation (EEC) No 82/91 — Official Journal L 10, 15.1.1991 Commission Regulation of 5 December 1990 on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices concerning ground handling services. — Regulation (EEC) No 83/91 — Official Journal L 10, 15.1.1991 Commission Regulation of 5 December 1990 on the application of Article 85(3) of the Treaty to certain categories of agreements between undertakings relating to computer reservation systems for air transport services.

This Regulation has been amended by Commission Regulation (EEC) No 3618/92 on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices in the air transport sector (Official Journal L 367, 16.12.1992) and by Commission Regulation (EEC) No 1618/93 (Official Journal L 155, 26.6.1993).

— Regulation (EEC) No 84/91 — Official Journal L 10, 15.1.1991
Commission Regulation of 5 December 1990 on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices concerning joint planning and coordination of capacity, consultations on passenger and cargo tariff rates on scheduled air services and slot allocation at airports.
This Regulation has been amended by Commission Regulation (EEC) No 3618/92 on the application of Article 85(3) of the Treaty to certain categories of agreements, Decisions and concerted practices in the air transport sector (Official Journal L 367, 16.12.1992).

4. TRANSPORT SERVICES

4.26. Air transport: application of competition rules to particular types of agreement

(1) Objective	To authorize the Commission to adopt regulations granting block exemptions to certain categories of agreements, decisions or concerted practices.
(2) Proposal	Proposal for a Council Regulation (EEC) on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector.
(3) Contents	1. This Regulation applies to international air transport between the Community and third countries. 2. The Commission may by regulation declare that Article 85(1) is not to apply to certain categories of agreements between undertakings, decisions of associations of undertakings and concerted practices which have as their object the joint planning and coordination of seating capacity, the sharing of revenue, consultation on tariffs, and slot allocation. 3. All Commission Regulations will apply for a specified period. 4. The Commission may withdraw the benefit of the block exemption where the persons concerned are in breach of the condition or obligation which attaches to a block exemption.
(4) Opinion of the European Parliament	Parliament approved the Commission's proposal subject to certain amendments. The Commission accepted some of these amendments.
(5) Current status of the proposal	Consultation procedure The Commission presented the proposal for a regulation on 8 September 1989. On 15 June 1990 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. The Commission presented an amended proposal on 21 May 1991. The amended proposal is currently before the Council for adoption.
(6) References	Commission proposal COM(89) 417 final — Official Journal C 248, 29.9.1989 European Parliament opinion — Not yet published Amended proposal COM(91) 183 final — Official Journal C 225, 30.8.1991

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4.27. Air transport: procedure for application of competition rules

(1) Objective	To provide appropriate procedures, powers and penalties to ensure compliance in the air transport sector with the competition rules laid down in the EEC Treaty.
(2) Community measures	Council Regulation (EEC) No 3975/87 of 14 December 1987 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector. Council Regulation (EEC) No 1284/91 of 14 May 1991 amending Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector. Council Regulation (EEC) No 2410/92 of 23 July 1992 amending Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector.
(3) Contents	1. The Regulations apply to all international air transport between Community airports, including transport within a Member State. 2. The prohibition laid down in Article 85(1) of the Treaty does not apply to agreements, decisions and concerted practices in so far as their sole object and effect is to achieve technical improvements or cooperation. 3. Procedures instituted in response to a complaint or on the Commission's own initiative to deal with infringements of the competition rules. 4. Application by undertakings for exemption under Article 85(3) of the Treaty. 5. Duration, renewal and revocation of exemption decision. 6. Procedures carried out by the Commission in close and constant liaison with the competent authorities of the Member States. 7. Commission procedures for requesting information. 8. Commission's investigating powers exercised in consultation with the Member States. 9. Penalties (fines and periodic penalty payments), e.g. where an undertaking supplies incorrect information in response to a request by the Commission. 10. Information of a kind covered by the obligation of professional secrecy and acquired in connection with investigations may not be disclosed. 11. Publication of Commission decisions.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	— Regulation (EEC) No 3975/87: 1.1.1988 — Regulation (EEC) No 1284/91: 18.5.1991 — Regulation (EEC) No 2410/92: 25.8.1992

(6) References	Official Journal L 374, 31.12.1987 Official Journal L 122, 17.5.1991 Official Journal L 240, 24.8.1992
(7) Follow-up work	
(8) Commission implementing measures	Commission Regulation (EEC) No 4261/88 (Official Journal L 376, 31.12.1988). Commission Regulation of 16 December 1988 on the complaints, applications and hearings provided for in Council Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector.

4. TRANSPORT SERVICES

4.28. Air transport: code of conduct for use of computerized reservation systems

(1) Objective	To ensure fair competition between air carriers and between computerized reservation systems, in order to protect the interests of consumers.
(2) Community measures	Council Regulation (EEC) No 2299/89 of 24 July 1989 on a code of conduct for computerized reservation systems. Amended by Council Regulation (EEC) No 3089/93 of 29 October 1993.
(3) Contents	1. The regulation applies to computerized reservation systems (CRS) for air transport products, when offered for use and/or used in the territory of the Community. 2. Capacity of the system vendor to act in its own name and as a separate entity from the parent carrier. 3. Obligation on the system vendor to allow any air carrier the opportunity to participate, on an equal and non-discriminatory basis, in its distribution facilities. 4. Obligation on carriers participating in a computerized reservation system to communicate, with equal care and timeliness, information on schedules, fares and availability relating to their own air services to any other system requesting it. 5. Obligation on the system vendor to refrain from discrimination in loading and/or processing data provided by participating carriers and to separate its distribution facilities in a clear and verifiable manner from the private inventory of any carrier. 6. Obligation to provide clear and non-discriminatory displays. The displays must contain accurate, non-misleading information. 7. Provisions on the supply by a system vendor of information from its CRS relating to confidentiality and data protection as regards access of parent carriers to the information supplied by carriers or generated for their use. 8. Obligations on parent carriers. 9. Provisions on access by subscribers to the CRS distribution facilities. 10. Provisions on the fees charged by the system vendor. 11. Monitoring of the technical compliance of the CRS with the confidentiality and data protection requirements by an independent auditor, at least once a year. 12. Remedy available in the event of violation.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	— Regulation (EEC) No 2299/89: 1.8.1989 — Regulation (EEC) No 3089/93: 11.12.1993

(6) References	Official Journal L 220, 29.7.1989 Official Journal L 278, 11.11.1993
(7) Follow-up work	
(8) Commission implementing measures	

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4.29. Air transport: application of Article 85(3) of the Treaty to certain categories of agreements between undertakings relating to computerized reservation systems for air transport services

(1) Objective

To avoid discrimination between air carriers with regard to access to the information and services provided by computerized reservation systems established by agreements between undertakings.

(2) Community measures

Commission Regulation (EC) No 3652/93 of 22 December 1993 on the application of Article 85(3) of the Treaty to certain categories of agreements between undertakings relating to computerized reservation systems for air transport services.

(3) Contents

1. The prohibition of agreements between undertakings in Article 85(1) of the EEC Treaty does not apply to computerized reservation systems (CRS), as provided for by Article 85(3) of the Treaty and subject to the conditions set out below.
2. Conditions to be met in order to obtain authorization for CRS agreements between undertakings:
— constraints are imposed on the system vendor (allow any air carrier the opportunity to participate, on an equal and non-discriminatory basis, in its distribution facilities, attach no unreasonable conditions to any contract with a participating carrier, etc.);
— parent carriers may not discriminate against a competing CRS (by refusing to provide it with information, etc.);
— participating carriers, other providers of air transport products and system vendors are under an obligation to ensure that the data entered in CRSs are accurate;
— system vendors are under an obligation to offer loading and/or processing facilities to all carriers and to keep their distribution facilities separate from their private facilities;
— constraints are imposed on system vendors with regard to displays (full, exact information, etc.);
— constraints are also placed on system vendors as regards provision of information from their CRS (they must not make personal information concerning a passenger available to others not involved in the transaction without the consent of the passenger), and contracts with subscribers (an obligation to offer all subscribers any service enhancement offered to any other subscriber, etc.);
— carriers may not make use of any specific CRS by a subscriber subject to the sale of air transport products or any similar condition;
— system vendors are under an obligation to set non-discriminatory fees, based on bills containing certain information listed in the Regulation;
— system vendors may not enter into agreements with other system vendors with the objective of partitioning the market.
3. The abovementioned provisions apply to relations with non-Union countries provided they in turn grant equivalent treatment to operators from the Community.
4. This Regulation will expire on 30 June 1998.

(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	1.1.1994
(6) References	Official Journal L 333, 31.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.30. Air transport: civil aviation licences

(1) Objective	To establish a Community procedure for the mutual acceptance of licences and qualifications of persons working in civil aviation in order to ensure that air transport services operate efficiently and safely and to guarantee free movement of these workers throughout the Community.
(2) Community measures	Council Directive 91/670/EEC of 16 December 1991 on the mutual acceptance of licences for persons working in civil aviation.
(3) Contents	1. The Directive applies to procedures for the mutual acceptance of licences issued by the Member States to flight crews in civil aviation. 2. Description of the conditions under which Member States have to accept licences issued by other Member States, together with the associated privileges and certificates. Holders of private pilot licences may fly aircraft registered in another Member State. This recognition is limited to the exercise of the privileges of the holder of a private pilot's licence and of associated aircraft ratings under visual flight rules (VFR) by day only in an aircraft certificated for single-pilot operations. 3. A Member State must accept any licence issued by another Member State in accordance with the Chicago Convention on International Civil Aviation, provided that the holder has complied with the special validation requirements described in the annex to the Directive. 4. The Commission drew up and sent to all Member States a comparative survey of the requirements individuals must meet in order to qualify for licences covering the same activities issued in each Member State to enable the competent authorities to assess the extent to which licences issued by other Member States are the equivalent of their own. Description of the procedure to be followed by a Member State when a licence cannot be accepted because it is not equivalent. 5. The Directive provides that nationals of all Member States are to be admitted to public and private training institutions and to examinations in any Member State on the same basis as its own nationals. 6. Member States may choose whether to accept licences issued by Member States on the basis of licences issued by third countries.
(4) Deadline for implementation of the legislation in the Member States	1.6.1992
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 373, 31.12.1991
(7) Follow-up work	
(8) Commission implementing measures	— Opinion 93/245/EEC, Official Journal L 111, 5.5.1993 Commission opinion of 26 April 1993 concerning the application of Article 4(2) of Directive 91/670/EEC on mutual acceptance of personnel licences for the exercise of functions in civil aviation.

The opinion was issued following a request by the French authorities regarding equivalence between pilot licences issued by Ireland and Portugal and those issued by France. The Commission considers that an Irish or Portuguese air transport pilot licence may be considered as equivalent to a comparable French licence if it includes a pilot-in-command rating for multi-engined aircraft of more than 5 700 kg (FAR/JAR category 25) or any other aircraft considered as equivalent by the French authorities.

— Opinion 93/456/EEC — Official Journal L 213, 24.8.1993
Commission opinion of 23 July 1993 concerning the application of Article 4(2) of Directive 91/670/EEC on mutual acceptance of personnel licences for the exercise of function in civil aviation — equivalence of United Kingdom, French and Belgian pilot licences.
The opinion was issued following a request by the French authorities. The Commission considers that Belgian and French pilot licences may be considered equivalent. A United Kingdom licence may also be considered to be equivalent to a comparable French licence if it includes a pilot-in-command rating for multi-engined aircraft of more than 5 700 kg (JAR/JAR 25).

— Commission opinion of 5 October 1993 concerning the application of Article 4(2) of Directive 91/770/EEC on mutual acceptance of personnel licences for the exercise of functions in civil aviation — equivalence of Belgian and United Kingdom pilot licences. This opinion was issued following a request by the Belgian authorities regarding the equivalence of pilot licences issued by Belgium and the United Kingdom. The Commission considers a United Kingdom pilot licence may be considered equivalent to a comparable licence issued in Belgium if it includes a pilot-in-command rating for multi-engined aircraft of more than 5 700 kg (JAR 25).

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4.31. Air transport: harmonization of civil aviation rules and procedures

(1) Objective

To improve cooperation with the Joint Aviation Authorities (JAA) by incorporating this body into Community law with a view to obliging Member States to adopt common codes governing technical rules and administrative procedures in the field of aviation and to observe the administrative requirements and procedures adopted by the JAA.

(2) Community measures

Council Regulation (EEC) No 3922/91 of 16 December 1991 on the harmonization of technical rules and administrative procedures in the field of civil aviation.

(3) Contents

1. This Regulation concerns the harmonization of technical rules and administrative procedures in the field of civil aviation safety.
2. Definitions of 'operator', 'product', 'equipment', 'element', 'certification', 'maintenance', 'national variant' and 'arrangements'.
3. The common technical rules and administrative procedures applicable in the Community in the fields specified in Annex II of this Regulation are the corresponding JAR codes featuring in the same annex. They entered into force on 1 January 1992.
4. The Member States ensured that the competent authorities in the field of civil aviation meet the requirements for membership of the JAA as specified in the arrangements, and that these arrangements were signed before 1 January 1992.
5. Existing products and their derivatives which are not certified in accordance with the common technical rules and administrative procedures may be accepted by the Member States under existing national legislation, until the common technical rules and administrative procedures for the products concerned are adopted by virtue of this Regulation.
6. Member States shall accept certifications granted by another Member State or a body acting on behalf of another Member State to persons or bodies under its jurisdiction who are employed in the design, manufacture and maintenance of products, or in the operation of aircraft.
7. Member States may take immediate action when safety problems become apparent as a result of an accident, incident or other event observed during service, whether the problems lie with a product that is designed, manufactured, maintained and operated in accordance with this Regulation, or with persons, procedures or bodies involved in carrying out these activities.
8. Where safety levels are found to be inadequate or lacking under the common technical rules and administrative procedures, the Commission shall take the appropriate steps to remedy the situation.
9. The Member States shall take the necessary measures to coordinate their research in the field of improving civil aircraft and aviation safety. The Commission is to be briefed accordingly, and may take any steps deemed appropriate for the promotion of this research.
10. The Member States shall notify the Commission of any new or amended rules or procedures which may be drawn up or adopted in accordance with the procedures laid down in the arrangements, or of any amendment to the arrangements themselves, and of the outcome

	of consultations with representatives from the industry and other interested parties. 11. The Commission shall amend the common technical rules and administrative procedures where such amendments are rendered necessary by progress in the field of science and technology. If such amendments involve a national variant for a given Member State, the Commission shall rule whether or not this variant should be included in the common technical rules and administrative procedures.
(4) Deadline for implementation of the legislation in the Member States	1.1.1992
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 373, 31.12.1991
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.32. Air transport: licensing of air carriers

(1) Objective	To lay down transparent, non-discriminatory rules on the criteria for economic and technical competency which must be met before air carriers can be granted licences to operate in the Community.
(2) Community measures	Council Regulation (EEC) No 2407/92 of 23 July 1992 on licences for air carriers.
(3) Contents	1. This Regulation lays down the economic and technical competency criteria which must be met by air carriers wishing to obtain or maintain an operating licence. 2. Only undertakings that are holders of the appropriate operating licence or air operator's certificate are permitted to carry passengers, mail and/or cargo for remuneration within Community territory. 3. Operating licences: Member States may not grant operating licences unless air transport is the main activity of the undertaking concerned and its registered office and principal place of business are located in the issuing Member State, and unless it is majority owned and effective control is exercised by Community nationals. 4. Hence, whenever the State that issued the licence, or the Commission, so request, an air carrier must be able to demonstrate that it meets the abovementioned requirements. 5. The carrier must meet certain conditions with regard to start-up capital, business costs, financial obligations, seating capacity of the aircraft he intends to operate, etc. 6. At the beginning of each financial year, air carriers must provide the national authorities with the audited accounts of the undertaking. 7. Air carriers must have civil liability insurance to cover risks in the event of an accident, particularly with regard to passengers, cargo and third parties. 8. Air carriers must also hold a valid air operator's certificate (AOC) specifying the activities covered by the operating licence. 9. Any undertaking which provides an aircraft and complete crew to an air carrier but retains the functions and responsibility for the operation of the aircraft is itself subject to the safety requirements of the Regulation. 10. The operating licence and the air operator's certificate remain valid as long as the air carrier meets the obligations. Licences and certificates not used for six months must be resubmitted for approval by the competent authorities. Similarly, in the event of a merger or take-over, licences and certificates must be resubmitted for approval by the competent authorities. 11. Application procedures for the issue of licences. The Member State concerned must make these procedures public and must decide on applications not later than three months after receiving all the necessary information. There is provision for the Commission to review rejected applications upon the request of the undertaking concerned.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.

(5) Date of entry into force (if different from the above)	1.1.1993
(6) References	Official Journal L 240, 24.8.1992
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.33. Air transport: allocation of slots

(1) Objective	To lay down neutral, transparent and non-discriminatory rules for the allocation of slots at congested airports.
(2) Community measures	Council Regulation (EEC) No 95/93 of 18 January 1993 on common rules for the allocation of slots at Community airports.
(3) Contents	1. The Regulation applies to the allocation of slots at congested Community airports. 2. Objective criteria on the basis of which an airport can be designated 'coordinated' or 'fully coordinated' on the grounds that its capacity is insufficient. 3. Possibility for Member States to designate any airport a 'coordinated airport' provided that principles of transparency, neutrality and non-discrimination are met. 4. Definition of the selection criteria and tasks of the coordinator and the coordination committee appointed to assist the former in an advisory capacity. 5. Principles governing determination of the capacity of an airport, based on an objective analysis of the possibilities of accommodating the air traffic, taking into account the different types of traffic at that airport. 6. Obligation for air carriers to provide the coordinator with any relevant information requested by the latter. 7. Slot allocation procedure: — rules of priority for allocation; — rights and limits to the right to exchange slots. 8. Conditions under which a Member State may reserve certain slots for regional services. 9. Establishment of a 'pool' of newly created slots, unused slots and slots which have been given up by a carrier or which have otherwise become available. Definition of the allocation criteria for these slots (priority right, etc.). 10. Safeguard mechanism to avoid distortions of competition between air carriers. A carrier is prohibited from introducing an additional frequency if there is no reciprocity. 11. Reciprocity obligation in transactions between Member States and third countries. 12. Revision of the Regulation by 1 July 1997.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	21.2.1993

(6) References

(7) Follow-up work

(8) Commission implementing measures

Official Journal L 14, 22.1.1993

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4.34. Air transport: access for air carriers to intra-Community air routes (third phase)

(1) Objective	Gradually to phase out the restrictions on multiple designation, fifth freedom and cabotage rights.
(2) Community measures	Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes.
(3) Contents	1. The Regulation repeals Council Regulation (EEC) No 2343/90, except for Article 2 and Annex I. 2. It covers access for scheduled and non-scheduled air services to routes between airports, other than Gibraltar, located within the Community. 3. Community air carriers may exercise traffic rights between airports or airport systems within the Community where these are open to civil air services. 4. A Member State may impose a public service obligation (air services meeting fixed standards to which the air carrier would not operate if he were considering nothing but his commercial interest) in respect of scheduled air services to a regional airport on a route which is considered vital for the economic development of the region. 5. If no air carrier is yet providing a scheduled service on a route for which a public service obligation has been imposed, the Member State may limit access to that route to only one air carrier for a period of up to three years. The right to operate must be offered by public tender. The selection must be made as quickly as possible. In spite of this provision, two months must elapse between publication and selection but this constraint does not apply where another Member State whose interests are involved proposes a satisfactory alternative means of fulfilling the same public service obligation. 6. The Regulation does not affect a Member State's right to regulate, without discrimination, the allocation of traffic to airports forming part of an airport system. The exercising of traffic rights is subject to Community, national, regional or local rules relating to safety, the protection of the environment and slot allocation. 7. When the conditions listed in point 5 are not met, a Member State may limit, or refuse, the exercising of those traffic rights but must first inform the Commission of its intention. Any Member State may refer the Commission's decision on such a situation to the Council within one month. 8. In order to carry out its duties under the Regulation, the Commission may obtain all necessary information from the Member States and air carriers concerned. Where the information supplied is incomplete or incorrect, the Commission may impose a fine of ECU 1 000 to ECU 50 000. Air carriers may refer the decision for review by the Court of Justice which may cancel, reduce or increase the fine.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.

(5) Date of entry into force (if different from the above)	1.1.1993
(6) References	Official Journal L 240, 24.8.1992
(7) Follow-up work	
(8) Commission implementing measures	

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4.35. Air transport: air fares and air cargo rates (third phase)

(1) Objective

To liberalize price formation for Community air services.

(2) Community measures

Council Regulation (EEC) No 2409/92 of 23 July 1992 on passenger fares and air cargo rates.

(3) Contents

1. This Regulation repeals Council Regulation (EEC) No 2342/90.
2. The Regulation applies to the criteria and procedures governing establishment of the air fares and air cargo rates charged by air carriers on air services within the Community.
3. Member States may not withhold approval of fares and rates charged by Community carriers if the fares and rates are reasonably related to the applicant carrier's total costs. If they withhold approval, Member States must also take into account other factors such as consumers' needs, the competitive situation in the market and the need to prevent dumping. The fact that a proposed air fare is lower than that offered by another carrier is not sufficient reason for withholding approval. Air carriers may not charge fares or rates that are so excessively high as to disadvantage users or so low as to be unjustifiable.
4. Air fares offered to tour operators or the public and specifically combined with accommodation arrangements for the duration of the trip, and air fares for groups larger than six persons, will receive automatic approval.
5. Cargo rates may be set by free agreement between the parties to the contract of carriage.
6. Air carriers must submit their proposed air fares for scheduled air services in the form prescribed by the Member State concerned. An air fare for a scheduled air service will be considered as approved unless, within 30 days of submission, the Member State(s) concerned has (have) notified disapproval to the applicant carriers in writing, giving reasons.
7. Member States have one month to refer the Commission's decision to the Council.
8. A Member State may permit a Community air carrier to match an air fare already approved for a scheduled air service between the same pair of cities, it being understood that this does not apply to indirect air services which exceed by more than 40% the length of the shortest direct service.
9. For a scheduled air service where competition is limited, a Member State whose interests are involved may request the Commission to examine whether an air fare complies with the conditions described in point 2 above.

Competition will be taken to be limited where:

— there are significant barriers to market entry;
— there are public service obligations;
— at most 30 000 seats are offered for sale per year in that Member State by a single air carrier.

The Commission has two months to issue its decision on whether the air fare complies with the conditions.

	10. The Commission may investigate on its own initiative whether an air fare conforms to the provisions of the Regulation. Any Member State whose interests are involved has one month to refer the resulting Commission decision to the Council. The Commission is required to consult the representatives of air transport user organizations at least once a year on scheduled air fares. 11. Air carriers from third countries with traffic rights between Community airports are permitted to match the normal economy air fare or its closest equivalent, unless otherwise provided in an agreement between the Community and the third country. 12. In order to carry out its duties under this Regulation the Commission may obtain all necessary information. Where the information supplied is incomplete or incorrect the Commission may impose a fine of ECU 1 000 to ECU 50 000. Also, where air carriers infringe the provisions of this Regulation, a fine of up to 10% of annual turnover may be imposed. The decision may be referred for review by the Court of Justice which may cancel, reduce or increase the fine.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	1.1.1993
(6) References	Official Journal L 240, 24.8.1992
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.36. Air safety: civil aviation accidents and incidents

(1) Objective

To facilitate investigations of civil aviation accidents and incidents in order to improve air safety.

(2) Proposal

Proposal for a Council Directive establishing the fundamental principles governing the investigation of civil aviation accidents and incidents.

(3) Contents

1. The Directive aims at improving air safety by facilitating the expeditious realization of investigations, the exclusive objective of which is prevention of future accidents or incidents.
2. It applies to investigations of civil aviation accidents and incidents occurring in the territory of the European Community or involving an aircraft registered in a Member State or operated by an undertaking established in a Member State, when such an investigation is not carried out by another State.
3. Obligation to carry out an investigation into any accident or serious incident with the aim of preventing it from recurring.
4. Distinction between judicial enquiries (to establish liability) and the technical investigation (status of which is upgraded).
5. Investigation entrusted to a permanent and independent body.
6. Obligation to publish an accident (or incident) report containing, where necessary, safety recommendations.
7. Monitoring of action taken on these recommendations by the parties concerned.
8. Guarantee that the investigation is not used for purposes other than accident prevention (e.g. for disciplinary purposes or in the context of proceedings to determine liability etc.).

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission proposal subject to 11 amendments. These amendments sought among other things to extend the Directive to all incidents involving an aircraft registered in a Member State or operated by an undertaking established in a Member State, and incidents requiring hospitalization for more than 24 hours and to reduce to six months the period for publishing the report of the investigation. It also requires the Commission to present by 30 June 1995 at the latest reports on the incidents and the compensation of victims on which the Council will take a decision by 31 December 1995.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 1 September 1993.

First reading: On 9 March 1994, Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 29 March 1994.

On 16 May 1994 the Council adopted its common position.

The common position is currently before Parliament for a second reading.

(6) References	Commission proposal COM(93) 406 final	Official Journal C 257, 22.9.1993
	Amended proposal COM(94) 102 final	Official Journal C 109, 19.4.1994
	European Parliament opinion First reading	Not yet published
	Economic and Social Committee opinion	Official Journal C 34, 2.2.1994

4. TRANSPORT SERVICES

4.37. Combined transport of goods between Member States

(1) Objective

To reduce road transport by developing combined transport bringing together rail, inland waterway and sea transport.

(2) Community measures

Council Directive 92/106/EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between Member States.

(3) Contents

1. Definition of scope of the Directive. It applies to combined transport operations.
2. Definition of term 'combined transport'. This means the transport of goods between Member States where the vehicle uses the road on the initial or final leg of the journey and, on the other leg, rail or inland waterway or maritime services where this section exceeds 100 km as the crow flies and makes the initial or final road transport leg of the journey:
— between the point where the goods are loaded and the nearest suitable rail loading station for the initial leg and between the nearest suitable rail unloading stations and the point where the goods are unloaded for the final leg, or
— within a radius not exceeding 150 km as the crow flies from the inland waterway port or seaport of loading or unloading.
3. Each Member State must liberalize the combined transport operations referred to above from all quota systems and systems of authorization by 1 July 1993.
4. Rules governing the preparation of the transport document to be provided in the case of combined transport for hire or reward. Among other things this document must specify the rail loading and unloading stations relating to the rail leg, the inland waterway loading and unloading ports relating to the inland waterway leg or the maritime loading and unloading ports relating to the maritime section of the journey.
5. All hauliers established in a Member State who meet the conditions of access to the occupation and access to the market for transport of goods between Member States may, in the context of a combined transport operation between Member States, carry out initial and/or final road haulage legs which form an integral part of the combined transport operation and which may or may not include the crossing of a frontier.
6. Obligation on the Commission to draw up a report to the Council every two years on the development of combined transport. Rules governing the drawing up of this report.
7. Obligation on the Member States to take the necessary measures to ensure that the motor vehicle taxes applicable to road vehicles routed in combined transport are reduced or reimbursed. Rules governing such reductions and reimbursements.
8. Exemption from compulsory tariff regulations for initial or final road haulage legs forming part of combined transport operations.
9. Provisions specific to combined transport operations where the dispatching/receiving undertaking carries out the initial/final road

	haulage leg for its own account. The receiving/dispatching undertaking may then also carry out the transport operation for its own account under certain conditions.
(4) Deadline for implementation of the legislation in the Member States	1.7.1993
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 368, 17.12.1992
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.38. Trans-European networks: trans-European combined transport network

(1) Objective	To increase trade in goods by means of the interconnection of different modes of transport throughout the Community.
(2) Community measures	Council Decision 93/628/EEC of 29 October 1993 on the creation of a trans-European combined transport network.
(3) Contents	1. The basic trans-European combined transport network will consist of rail and inland waterway routes and road links which are of major importance for long-distance freight transport and provide connections to all Member States. It also includes facilities for transhipment between rail, inland waterway, road and sea transport. 2. A distinction is made between the various phases of establishing the network: — with regard to the first phase, a list is given of the rail links concerned and the type of work to be carried out is determined; — with regard to further works, a list is given of the rail links concerned for which the works are still to be determined. This phase also includes the construction of intermodal termini and investment in special rolling stock for combined transport. Wherever possible, the projects covered by the first phase should be completed or nearing completion within a period of six years and the remaining projects within a period of 12 years. 3. The Decision applies until 30 June 1995. The Council will adopt new rules which should enter into force no later than 1 July 1995.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	19.11.1993
(6) References	Official Journal L 305, 10.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.39. Trans-European networks: trans-European road network

(1) Objective	To promote the carriage of goods and passengers by improving the major highway infrastructures needed by the internal market and the area without frontiers.
(2) Community measures	Council Decision 93/629/EEC of 29 October 1993 on the creation of a trans-European road network.
(3) Contents	1. In order to make the trans-European road network a reality the decision provides for the following activities over a 10-year period: — the forging of the missing links, and in particular those on cross-frontier intra-Community axes, and those that are attractive to peripheral or enclosed areas; — improvements to the existing links on cross-frontier axes and on axes that are attractive to peripheral or enclosed areas, or which link those regions with the central regions of the Community; — the connection between certain non-member countries in the Community; — inter-modal connections aimed, in particular, at combined-transport axes; — bypasses for the principal urban nodes located on the trans-European network; — the implementation of advanced remote computerized systems for highways, and the development of traffic-management infrastructure. 2. The decision will apply up to 30 June 1995. The Council will adopt a new set of rules which are to enter into force by 1 July 1995 at the latest.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	24.11.1993
(6) References	Official Journal L 305, 10.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.40. Trans-European networks: trans-European inland waterway network

(1) Objective	To improve the inland waterway network in order to facilitate the transport of goods between the main seaports and the industrialized regions of the European hinterland.
(2) Community measures	Council Decision 93/630/EEC of 29 October 1993 on the creation of a trans-European inland waterway network.
(3) Contents	1. The trans-European inland waterway network largely corresponds to the existing river systems. It links up industrial areas and urban centres with major seaports. The technical specifications for classification of the networks are laid down. 2. List of the priority projects to be initiated within 10 years as far as possible. They concern building the missing links in the network or removing bottlenecks. 3. The Decision is applicable until 30 June 1995. The Council will adopt a new instrument which should enter into force on 1 July 1995 at the latest.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	17.11.1993
(6) References	Official Journal L 305, 10.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

4. TRANSPORT SERVICES

4.41. Trans-European networks: Community guidelines for the development of the trans-European transport network

(1) Objective

To establish the broad lines of action envisaged for the establishment of the trans-European transport network, and identify projects of common interest, the implementation of which should contribute towards the development of the network.

(2) Proposal

Proposal for a European Parliament and Council Decision on Community guidelines for the development of the trans-European transport network.

(3) Contents

1. Objectives of the trans-European transport network:
— ensure mobility of persons and goods;
— offer users high-quality infrastructures;
— combine all modes of transport;
— allow the optimal use of existing capacities;
— be interoperable in all its components;
— cover the whole territory of the Community;
— allow for its extension to the EFTA Member States, countries of Central and Eastern Europe and the Mediterranean countries.
2. The trans-European transport network comprises infrastructures (roads, railways, waterways, ports, airports, navigation aids, intermodal freight terminals and product pipelines), together with the services necessary for the operation of these infrastructures.
3. The broad lines of Community action concern:
— the development of network structure plans;
— the identification of projects of common interest;
— the promotion of network interoperability;
— the pursuit of consistency and complementarity of financial aid;
— research and development;
— cooperation with the third countries concerned;
— incentives for Member States to further the objectives pursued;
— promotion of cooperation of interested parties;
— any other measures which prove necessary for the achievement of the objectives set out in point 1.
4. The priority measures concern:
— completion of the connections needed to facilitate transport;
— optimization of the efficiency of existing infrastructure;
— achievement of interoperability of network components;
— integration of the environmental dimension in the network.
5. Projects meeting the above criteria are considered to be of common interest.
6. Characteristics of the road network:
— it comprises motorways and high-quality roads and will be supplemented by new or adapted links;
— it comprises infrastructure for traffic management and user information, based on active cooperation between traffic management systems at European, national and regional levels;
— it guarantees users a high, uniform and continuous level of services, comfort and safety.

7. Characteristics of the rail network:
— it comprises the high-speed network and conventional lines;
— it offers users a high level of quality and safety thanks to its continuity and interoperability, easy access to transport centres, airports, seaports and intermodal interchanges, and to appropriate information systems.
8. Characteristics of the inland waterway network:
— the inland waterway network comprises a main network consisting of rivers and canals, a secondary network consisting of branch canals, port infrastructures and efficient traffic management systems;
— the technical specifications correspond at least to class IV.
9. Ports provide the link between land transport and sea transport. They provide equipment and services for passengers and goods (ferry services, etc.).
10. The airport network consists of airports of common interest situated within the territory of the Community which are open to commercial air traffic.
11. The combined transport network comprises sea, rail and inland waterway links which, combined where appropriate with initial and/or terminal road haulage, permit the long-distance transport of goods between all Member States. It also comprises installations permitting transshipment between the different networks.
12. The information and management network concerns coastal and port shipping services, vessel positioning systems, reporting systems for vessels transporting dangerous goods, communication systems for distress and safety at sea and appropriate telematic applications.
13. The air traffic control network comprises the aviation plan (airspace reserved for general aviation, aviation routes and aviation aids), the traffic management system and the air traffic control system.
14. The Committee on Transport Infrastructures set up by Council Decision 78/174/EEC delivers an opinion on the measures to be taken.
15. The Commission makes an annual report on implementation of the guidelines described in this decision.
16. After five years at the latest, the Commission will evaluate progress made in achieving the progressive integration of the network.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status of the proposal

Co-decision procedure

The Commission presented the proposal on 29 March 1994.

The proposal is currently before Parliament and the Economic and Social Committee for their opinions.

(6) References

Commission proposal
COM(94) 106 final — Not yet published

4. TRANSPORT SERVICES

4.42. Trans-European networks: European high-speed train network

(1) Objective

To promote the interconnection and interoperability of the national high-speed train networks and access to these networks.

(2) Proposal

Proposal for a Council Directive on the interoperability of the European high-speed train network

(3) Contents

1. The aim of the Directive is to achieve the interoperability of the European high-speed train network at the various stages of its design, construction, gradual placing in service and operation.
2. The harmonization provisions of the Directive concern the parameters, constituents, interfaces and procedures which are needed and adequate in order to ensure and guarantee interoperability within the European high-speed train network.
3. Definition of certain terms used in the Directive. The network is defined as a system consisting of a set of infrastructure, fixed installations, logistic equipment and rolling stock. The system itself is subdivided into eight sub-systems, the components (constituents) of which are referred to as sensitive constituents where they play a sensitive role from the viewpoint of interoperability.
4. The obligation to comply with the essential requirements which cover all of the conditions to be met in order to ensure interoperability. The requirements concerning safety, reliability, human health, environmental protection, consumer protection, technical compatibility and operation are defined in general terms in Annex III.
5. Definition of the concept of 'Technical Specifications for Interoperability' (TSIs). These specifications lay down the essential requirements which are fundamental to each sub-system and identify in particular the constituents which are critical from the viewpoint of interoperability. Details of the procedure to be followed for drawing up the TSIs.
6. Details of the provisions to be complied with for the use of sensitive constituents (obligation to meet the essential requirements laid down in the Directive, validity of the EC declaration of conformity, safeguard clause, etc.).
7. Rules concerning the management of the sub-systems by the Member States. Allocation of roles and prerogatives of the Member States, the procurement bodies, manufacturers and notified bodies. Provisions relating to authorization of placing in service, the EC checking procedure and the EC declaration of conformity with the essential requirements and the TSIs, the role of the notified bodies and cooperation between them.
8. Details of provisions applicable to notified bodies and corresponding obligations of the Member States.
9. The Advisory Committee assists the Commission on any matter arising from the implementation and application of the Directive. It is consulted on the mandates for the TSIs and the safeguard clause concerning them.
10. Annexes specifying various matters (geographical and physical data, sub-systems, essential requirements, etc.).

(4) Opinion of the European Parliament	Not yet delivered.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 15 April 1994. The proposal is currently before Parliament and the Economic and Social Committee for their opinions.
(6) References	Commission proposal COM(94) 107 final — Official Journal C 134, 17.5.1994

4. TRANSPORT SERVICES

4.43. Trans-European networks: general rules for the granting of Community financial aid in the field of trans-European networks

(1) Objective

To lay down general rules for the granting of Community financial aid to the infrastructure projects in the transport, telecommunications and energy sectors identified in the Council's guidelines on trans-European networks.

(2) Proposal

Proposal for a Council Regulation laying down general rules for the granting of Community financial aid in the field of trans-European networks.

(3) Contents

1. This regulation defines the conditions and procedures for granting Community aid to projects of common interest in the field of trans-European networks for transport, energy and telecommunications. It does not affect the specific rules and regulations laid down in the proposal for a Council decision on trans-European data communications networks between administrations (IDA).
2. Eligibility criteria:
— projects of common interest financed by Member States and identified within the framework of the guidelines referred to in Article 129c of the Treaty;
— projects financed by organizations working within an administrative or legal framework that makes them similar to public organizations;
— where the abovementioned guidelines have not yet been adopted by the Council, other infrastructure projects which contribute to the achievement of the objectives set out in Article 129b of the Treaty.
The concept of 'project' includes the technically and financially separate stages of projects which form a whole designed to fulfil an economic and technical function.
3. Forms of Community aid:
— cofinancing of feasibility studies (a substantial contribution from the public authorities is required) and preparatory studies, evaluation studies and other technical support measures (may be financed, where necessary and undertaken at the initiative of the Commission, to 100% of the total cost);
— contribution to the premiums of loan guarantees (in whole or in part);
— interest-rate subsidies (maximum 10% of the total cost of the investment in net grant equivalent);
— cofinancing of investment projects (by way of exception).
4. The budgetary authority sets the amount of appropriations for each year and for each area.
5. Common project selection criteria. Community aid is granted on a priority basis to projects according to their contribution:
— to the establishment of trans-European networks;
— to the harmonization of technical standards;
— to the interconnection and interoperability of national networks;
— to the improvement of access to networks;

— to the integration of the various networks;
— to the reliability and safety of the networks.
Other common project selection criteria include their contribution to the smooth running of the internal market, cohesion policy and environmental protection, and their potential economic viability.
6. Selection criteria particularly concerning transport. Community financial aid is granted to projects evaluated according to their contribution to the implementation of multimodal transnational networks and to the harmonious, environmentally compatible development of traffic flows at European level.
7. Applications for financial aid must be submitted to the Commission through the intermediary of the Member State concerned or by the body directly concerned with the agreement of the Member State. The regulation stipulates the information required for the assessment and identification of applications (e.g. name of the body responsible, the type of assistance envisaged and a description of the project concerned).
8. Financial provisions: eligible expenditure and method of payment.
9. Financial control is carried out by Member States. Without prejudice to this control work, the Commission may send officials or staff to carry out spot checks on the projects financed. The Commission may reduce, suspend or cancel financial aid in the event of irregularities, or if one of the conditions specified in the decision granting the financial aid has not been met.
10. Cooperation to evaluate systematically progress with projects. Every two years, the Commission is to submit a report on the activities carried out under this regulation.
11. In the transport sector, the Commission is assisted in implementing this regulation by the Committee on Transport Infrastructures set up by Council Decision 78/174/EEC. Its role is that of a management committee.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 2 March 1994.

The proposal is currently before Parliament for its opinion.

(6) References

Commission proposal COM(94) 62 final	Official Journal C 89, 26.3.1994
Economic and Social Committee opinion	Not yet published
Committee of the Regions opinion	Not yet published

5. NEW TECHNOLOGIES AND SERVICES

Current position and outlook

The aim of Community telecommunications policy is to address three fundamental concerns: the fragmentation and increasing size of the market, the incompatibility of existing regulations in most Member States, the new opportunities that the market offers, and the mandatory deregulation process which has begun in the United States and which will inevitably have repercussions on the European market.

Community telecommunications policy goes back to the adoption of the first framework programme in this area in 1984. This policy has developed in three phases, the first being the first framework programme, the second beginning in 1987 with the publication of the Commission's Green Paper on telecommunications services and equipment and the third commencing with the presentation of the report on the situation in the telecommunications services sector in October 1992.

The aim of the first framework programme in 1984 was to coordinate the future development of communications in the Community in the following areas: integrated services networks, digital mobile communications, broadband communications, the development of common standards, and research and development work. With the adoption of the Green Paper in June 1988, this Community policy was extended to include regulatory aspects and the opening-up of the sector to competition. During this second phase, the measures undertaken in the first phase developed in spectacular fashion, particularly programmes such as RACE (research and development in the field of broadband integrated communications), STAR (development of telecommunications in outlying regions), and measures to promote new standards for mobile telephones (hence the creation in 1988 of the European Telecommunications Standards Institute (ETSI)).

In its 1987 Green Paper, the Commission set out the principles on which Community telecommunications policy was to be based. These are as follows:

— full opening-up of the equipment market and establishment of procedures for the mutual recognition of conformity;
— phased but full opening-up of market in the telecommunications services;
— separation of the operational and regulatory functions in the Member States;
— harmonization and opening-up of networks;
— application of competition law on the prevention of discriminatory treatment and abuses of dominant positions to operators and service providers;
— application of common commercial policy in the telecommunications sector, particularly in connection with GATT.

In this Green Paper, the Commission proposed the following:

— development of standardization programme;
— promotion of new research and development programmes and additional measures aimed at stimulating supply and demand in the field of information and communications technologies;
— launch of structural measures in support of less favoured regions;
— opening up of public contracts to competition;
— development of a policy on networks and radio communications services;
— promotion of a series of initiatives connected with trans-European networks in the general interest.

Consequently, the approach adopted in the Green Paper was a combination of liberalization and harmonization with a view to completing the internal market in telecommunications for the Community's citizens. This approach led to the adoption of two

Directives in 1990, one on open network provision (ONP) and the other on the introduction of competition in telecommunication services.

In September 1991, the Commission published measures relating to the application of Community standards concerning competition in the telecommunications sector.

The third phase began with the Commission's review of progress on the implementation of the objectives of the Green Paper. More than a mere evaluation, this report also reflects the views of all the parties concerned on the directions that Europe should take with regard to telecommunications up to the end of the century.

In June 1993, the Member States adopted a Resolution in which they decided to open up the public voice telephony service by 1998. They also called on the Commission to prepare two Green Papers, one on the use of public telecommunication systems (by the end of 1994) and the other on mobile telecommunications.

The future development of Community telecommunications policy will be determined by the European Union Treaty which laid down the following provisions in this area:

— application of the principle of subsidiarity;
— institutional change involving the co-decision-making procedure for the adoption of framework programmes with multiannual budgets;
— creation of a new legal basis for trans-European networks;
— strengthening of industrial policy in order to create a favourable environment for firms in a competitive situation.

5. NEW TECHNOLOGIES AND SERVICES

5.1. Television: pursuit of televisual broadcasting

(1) Objective	To ensure that all residents in the EC have access to all EC broadcasts which have become possible with satellite and cable technology.
(2) Community measures	Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of televisual broadcasting.
(3) Contents	1. Member States shall not restrict the reception nor hinder the distribution by cable on their territories of broadcasts from other Member States (except if the broadcast does not respect the provisions of the Directive concerning the protection of children). 2. Harmonization in the area of advertising concerns: — the duration (15% of daily broadcasting time, 20% per hour); — methods of programme interruptions; — the form of natural breaks, ethical considerations (particularly for children); and — advertisements for alcohol. Advertising tobacco and certain medicines is forbidden. As regards television broadcasting bodies which come under their responsibility and which broadcast only in their national territory, the Member States may apply other rules concerning duration and scheduling of advertising. 3. Sponsorship of television programmes is possible provided that certain rules are respected. 4. Television programmes must not seriously impair the development of minors. 5. A right of reply must be granted where the legitimate interests of the individual have been damaged. 6. As far as the promotion of European broadcasting production is concerned, the Directive stipulates that the Member States should ensure, wherever possible, that broadcasters reserve a majority of their broadcasting time to European works (except for news, sport, game shows, advertising and teletext). 'European works' is precisely defined. The Commission is responsible for ensuring that this provision is respected. 10% of broadcasting time must be reserved, wherever possible, to independent European productions. The time between a film being released and being broadcast on television shall be two years, and one year for films co-produced with radio. Under certain conditions language quotas may be authorized but only for radio broadcasters under the responsibility of the State which fixes them.
(4) Deadline for implementation of the legislation in the Member States	3.10.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 298, 17.10.1989

(7) Follow-up work

On 3 March 1994, the Commission presented a communication to the Council and the European Parliament concerning the application of Articles 4 and 5 of Directive 89/552/EEC 'Television without frontiers' (COM(94) 57 final).
This communication contains the Member States' reports on the application of measures taken to promote the production and distribution of programmes by European and independent producers during the period from 3 October 1991 to 31 December 1992. It also contains the Commission opinion on methodological difficulties and problems of substance, market trends, the economic impact of the Directive and the limited scope of the monitoring system.
Despite certain difficulties, the overall outcome is positive. Between 65% and 70% of the broadcasters surveyed in the national reports complied with the Directives' provisions on the promotion of production and distribution.
The Commission emphasises in its opinion that, on the basis of the exercise to monitor the application of the Directive, it is unable to draw all the necessary conclusions on the economic effects of the encouragement measures.

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.2. Television: satellite broadcasting: new standards

(1) Objective	To define, with a view to a comprehensive strategy for the introduction of high-definition television (HDTV) services in Europe and to a single market in satellite broadcasting of television signals, the HD-MAC standard as the sole European standard for HDTV, with the aid of an intermediate standard, D2-MAC.
(2) Community measures	Council Directive 92/38/EEC of 11 May 1992 on the adoption of standards for satellite broadcasting of television signals.
(3) Contents	1. The Member States must promote and support the introduction and development of advanced satellite broadcasting services for television programmes, using the HD-MAC standard for not completely digital HDTV transmission and the D2-MAC standard for other not completely digital transmission in the 16:9 aspect ratio format. 2. For any transmission of an HDTV television service that is not completely digital only the HD-MAC standard may be used. 3. For completely digital transmissions receivable by domestic satellite receiver equipment, even if intended to be redistributed by cable networks, only a system standardized by the European Telecommunications Standards Institute (ETSI) may be used. These transmissions, however, are not covered by the other measures of the Directive. 4. For any not completely digital transmission of a 625-line satellite television broadcast in respect of any service in the 16:9 aspect ratio format, only the D2-MAC standard may be used. For any other service introduced from 1 January 1995, the D2-MAC standard must be used. Such services may also be transmitted simultaneously in PAL, Secam or D-MAC. This measure will take effect three months after the adoption by the Council of a Commission proposal aiming to give the above services financial support. 5. As from 1 January 1994, all new 16:9 format television sets must be equipped with a built-in D2-MAC decoder. New domestic satellite receiver equipment and new video-recorders for sale or rent in the European Community must possess at least a socket conforming to a standard issued by Cenelec, for connection of a D2-MAC decoder permitting an open interface standard. 6. Any cable redistribution system, or any existing terrestrial redistribution system with the necessary technical capability, must be designed in such a way that HD-MAC signals can be transmitted through the network. Cable operators who receive programmes in the 16:9 format and the D2-MAC or HD-MAC standard must redistribute them in the same format and standard. 7. The Member States must take all the necessary measures to ensure that a conditional access system fully compatible with D2-MAC is employed for all encrypted services using this standard. 8. The Directive is applicable until 31 December 1998. Every two years the Commission will submit an assessment report to the Council, the European Parliament and the Economic and Social Committee.
(4) Deadline for implementation of the legislation in the Member States	11.11.1992, except for derogations.

(5) Date of entry into force (if different from the above)

(6) References Official Journal L 137, 20.5.1992

(7) Follow-up work

On 22 July 1993 the Council adopted a Resolution on the development of technology and standards in the field of advanced television services (Official Journal C 209, 3.8.1993).
The Resolution includes an invitation to the Commission to propose to the Council a revision of Directive 92/38/EEC reflecting the need for a flexible and workable regulatory framework which would respond to the needs of the market and to technological developments. This proposal had to be put forward by 1 October 1993.
By the same date a communication containing proposals relating to digital television had to be presented to the Council.
The annex to the Resolution contains a framework agreement for an action plan for the introduction of advanced television services in Europe.
The action plan is aimed at the introduction of large screen 16:9 format television services over a period of four years up to the end of 1997, regardless of the standard used (summary 5.6).

On 22 July 1993, in response to the abovementioned Council Resolution, the Commission put forward a proposal for a Directive of the European Parliament and of the Council on the use of standards for the transmission of television signals (COM(93) 556 final — Official Journal C 341, 18.12.1993).
This Directive will repeal Directive 92/38/EEC.
On 19 April 1994 Parliament appproved, in the first reading, the Commission's proposal subject to certain amendments.

On 17 November 1993 the Commission put forward a communication to the Council and the European Parliament on digital video broadcasting (COM(93) 557 final).
The communication describes the current state of digital television and its potential. It describes the activities already under way in Europe, the United States and Japan to exploit this new technology and proposes a framework for Community policy in this area.
On 27 June 1994 the Council adopted a Resolution on a framework for Community policy on digital video broadcasting.

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.3. Television: use of standards for the transmission of television signals

(1) Objective

To promote and support the accelerated development of television services in the wide-screen 16:9 format and using 625 or 1 250 lines.

(2) Proposal

Proposal for a European Parliament and Council Directive on the use of standards for the transmission of television signals.

(3) Contents

1. This Directive calls on Member States to take all appropriate measures to promote and support the introduction of television services in the wide-screen 16:9 format and using 625 or 1 250 lines. The 16:9 format applies to all television services transmitted to viewers, whether by cable, satellite or terrestrial means. Television services in wide-screen format using 625 lines which are not fully digital must use the D2-MAC system or a transmission system which is fully compatible with PAL or Secam. High-definition services which are not fully digital must use the HD-MAC transmission system. Finally, completely digital television systems must use a transmission system which has been standardized by a European standardization body (but they are otherwise not covered by this Directive).
2. Any television set with a viewing screen of visible diagonal greater than 42 cm which is to be put on the market (for sale or rent) must be fitted with at least one standardized (by a recognized European standardization body) open interface socket permitting simple connection of additional decoders or peripherals.
3. Whatever European television standard is chosen by the broadcaster, any wide-screen television service received and redistributed by Community cable network operators must be redistributed in the wide-screen 16:9 format.
4. The Commission has the responsibility of drawing up evaluation reports and, if necessary, proposing adaptations of the Directive to technological developments.
5. Directive 92/38/EEC is to be repealed six months after the date of notification of this Directive.
6. Member States must communicate to the Commission the texts of the provisions of national law which they adopt in the field governed by this Directive.

(4) Opinion of the European Parliament

(5) Current status of the proposal

Co-decision procedure

The Commission presented the proposal on 15 November 1993.

First reading: On 19 April 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.

(6) References	Commission proposal COM(93) 556 final	Official Journal C 341, 18.12.1993
	European Parliament opinion	Not yet published
	Economic and Social Committee opinion	Not yet published

5. NEW TECHNOLOGIES AND SERVICES

5.4. Television: high-definition television (HDTV)

(1) Objective	To develop a comprehensive strategy for the introduction of HDTV services in Europe.
(2) Community measures	Council Decision 89/337/EEC of 27 April 1989 on high-definition television.
(3) Contents	1. This Decision sets the five following objectives as a basis for a comprehensive strategy for the introduction of HDTV services in Europe: — to make every effort to ensure that the European industry develops in time all the technology, components and equipment required for the launching of HDTV services; — to promote the adoption of the European proposal (1 250 lines, 50 complete frames per second) as the single world standard (summary 5.5); — to promote the widest use of the European HDTV system throughout the world; — to promote the introduction, as soon as possible, of HDTV services in Europe; — to make every effort to ensure that the European film and television production industry achieves the capability, experience and dimension required to occupy a competitive position on the world market. 2. On the basis of a proposal from the Commission, the Council will examine an action plan for the introduction of HDTV services. This plan should include mechanisms allowing non-Community countries in Europe to participate (summary 5.6).
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Offical Journal L 142, 25.5.1989
(7) Follow-up work	
(8) Commission implementing measures	On 24 July 1991 the Commission submitted a communication to inform the Council and the European Parliament of the policy which the Commission intends to implement to enable the European programme industry to play a full part at all stages of the HDTV strategy.

5. NEW TECHNOLOGIES AND SERVICES

5.5. Television: high-definition television: single world-wide production standard

(1) Objective	To contribute to the smooth development of high-definition television (HDTV) production by taking common action to promote the adoption of a single world-wide high-definition television production standard by the Plenary Assembly of the International Radio Consultative Committee (IRCC).
(2) Community measures	Council Decision 89/630/EEC of 7 December 1989 on the common action to be taken by the Member States with respect to the adoption of a single world-wide high-definition television production standard by the Plenary Assembly of the International Radio Consultative Committee (IRCC) in 1990.
(3) Contents	The common action to be taken with respect to the adoption of a single world-wide standard must be based on the proposal arising from the Eureka 95 project. It will be carried out at the meetings to be held to prepare these recommendations concerning a single world-wide HDTV production standard. If these consultations fail to produce an agreement, the points on which there is disagreement will, if necessary, be brought before the relevant Council bodies.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 363, 13.12.1989
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.6. Television: action plan for the introduction of advanced television services in Europe

(1) Objective	To ensure the accelerated development of the market for advanced television services in the 16:9 format, using 625 or 1 250 lines to contribute to the market penetration of television receivers in the 16:9 format.
(2) Community measures	Council Decision 93/424/EEC of 22 July 1993 on an action plan for the introduction of advanced television services in Europe.
(3) Contents	1. The Decision provides for an action plan for the introduction of advanced television services in Europe. The programme covers the period from 22 July 1993 to 30 June 1997. 2. The objectives of the action plan are two-fold: to achieve a critical mass of advanced television services in the 16:9 format; and to arrive at a significant and increasing volume of programming in the 16:9 format with a high level of technical quality to enable optimum numbers of viewers to be reached. 3. Funds amounting to ECU 405 million have been earmarked for these objectives; these are Community funds (ECU 228 million) and funds from other sources (own funds, national funds, equipment manufacturers, satellite operators and others with interests in the sector). Funds will partly cover the additional costs to broadcasters and programme producers of providing advanced television services. Preference will be given to projects receiving parallel funding from economic operators. No funds will be given to support manufacturers of receivers for the consumer market. 4. Procedures for the implementation and monitoring of the action plan.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 196, 5.8.1993
(7) Follow-up work	
(8) Commission implementing measures	Commission decision of 17 December 1993 concerning the proposed funding allocation for the operation of 16:9 television broadcasting services under the first call of the action plan for the introduction of advanced television broadcasting services in Europe. The 11 proposals listed in the annex to the decision are selected for Community funding totalling ECU 12 650 000.

5. NEW TECHNOLOGIES AND SERVICES

5.7. Television: action programme to promote the development of the European audiovisual industry (MEDIA)

(1) Objective	To promote the development of the European audiovisual industry.
(2) Community measures	Council Decision 90/685/EEC of 21 December 1990 concerning the implementation of an action programme to promote the development of the European audiovisual industry (MEDIA) (1991-95).
(3) Contents	1. By means of the Decision, the Council is adopting an action programme to promote the development of the European audiovisual industry. The programme is due to run for five years, starting on 1 January 1991. The funds deemed to be necessary for the Community contribution amount to ECU 200 million for the programme as a whole and to ECU 84 million for the years 1991 and 1992. 2. The aims of the programme are in particular to stimulate and increase the competitive supply of European audiovisual products, to step up intra-Community exchanges of films and audiovisual programmes, to increase the importance of European production and distribution companies' share of world markets, etc. 3. The measures provided for are set out in the annex to the Decision. 4. Particular attention is given to Community involvement in Audiovisual Eureka. 5. The Commission will provide funding for the projects up to the equivalent of 50% of the total cost. 6. The Commission is responsible for implementing the programme and will be assisted by an Advisory Committee. 7. The Commission is required to present a report on the results achieved accompanied, where necessary, by appropriate proposals to the European Parliament, the Council and the Economic and Social Committee after the programme has been in operation for two years.
(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 380, 31.12.1990
(7) Follow-up work	On 23 July 1993 the Commission put forward a communication on evaluation of the action programme to promote the development of the European audiovisual industry (MEDIA) 1991-95, accompanied by guideline remarks (COM(93) 364 final). The results of the programme were in overall terms positive in a number of fields and were largely appreciated by the audiovisual industry. The Commission proposes further concentrating activities on the improvement of the industrial effects by:

— increasing the competitive capacity of audiovisual products;
— extending the structural action by the crossborder regrouping of businesses; and
— increasing the effort for financial mobilization.

It also proposes strengthening management control by setting up a computerized follow-up tool.

On 29 October 1993 the Commission put forward a communication on the action programme to promote the development of the European audiovisual industry (MEDIA) (1991-95) and a proposal for a Council Decision amending Decision 90/685/EEC concerning the implementation of an action programme to promote the development of the European audiovisual industry (MEDIA) (1991-95) (COM(93) 462 final).

The aim of the proposal to amend Decision 90/685/EEC is to strengthen the budgetary and organizational aspects of the MEDIA programme by the end of 1995. The principle of subsidiarity is referred to, as a result of which the programme complements the measures carried out by the competent authorities of the Member States rather than acting as a substitute.

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.8. Payment systems: electronic payments

(1) Objective	Standardization of payment card systems for all electronic card-holders to all distribution networks.
(2) Community measures	Commission Recommendation 87/598/EEC of 8 December 1987 on a European code of conduct relating to electronic payments.
(3) Contents	1. Recommendation that all interested parties concerned should comply with the provisions of the 'European code of conduct' relating to electronic payments. This has been drafted by the European Commission and will promote: — security and convenience for consumers; — greater security and efficiency for traders and issuers. 2. Definitions of 'electronic payment', 'issuer' (bank), 'trader', 'consumer' and 'interoperability'. 3. General principles relating to the contract between issuers (banks) and traders or consumers, e.g. it shall set out in detail the general and specific conditions of the agreement; the contract shall be drawn up in the official language(s) of the Member State in which it is concluded. 4. Obligation for interoperability to be full and complete before 31 December 1992. This will enable traders and consumers to join the networks or contract with the issuers of their choice, and ensure that every electronic payment terminal is able to process all cards. 5. Respect of privacy of information given by consumer. Right of fair access to the system for traders, irrespective of their size. 6. Obligations concerning relations between issuers and traders: — including a ban on any exclusive trading clause which requires the trader to operate only one system, and — an obligation on card-holders to take all reasonable precautions to ensure the safety of the payment card.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 365, 24.12.1987
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.9. Payment systems: relationship between card-holder and card-issuer

(1) Objective	To give greater protection to consumers through the adoption of regulations applicable to all types of financial services, in particular those relating to payment methods and the purchasing of goods and services.
(2) Community measures	Commission Recommendation 88/590/EEC of 17 November 1988 concerning payment systems, and in particular the relationship between card-holder and card-issuer.
(3) Contents	1. The Recommendation stipulates that consumers must receive adequate information concerning the terms of contract, particularly with regard to the fees and other costs, if any, payable by consumers, and also concerning their rights and contractual obligations. 2. It stipulates that consumers would be better protected if contracts were made in writing and contained minimum particulars concerning the contractual terms, in particular an indication of the period of time within which operations will normally be credited, debited or invoiced. 3. No payment device, whether in the form of a plastic card or otherwise, must be dispatched to a consumer except in response to an application from such person. The contract concluded between the consumer and the issuer of the payment device must not take effect until the consumer has received the payment device and has been informed of the applicable terms of contract. 4. Operations authorized by issuing bodies must be recorded in order that operations can be traced and errors rectified. Payment instructions communicated electronically by a contracting holder should be irrevocable, so that a payment thereby shall not be reversed. 5. The contracting holder must receive a written statement of the operations effected by means of a payment device. 6. The Recommendation provides for the fixing of common rules concerning the issuer's liability: — for non-execution or erroneous execution of a contracting holder's payment instructions and allied operations; — for operations which have not been authorized by the contracting holder, subject to the contracting holder's own obligations in the event of lost, stolen or copied payment devices. Common terms of contract have also been drawn up concerning the consequences to the contracting holder in the event of lost, stolen or copied payment devices. 7. For the purpose of ensuring that electronic payment networks can function and payment devices be used internationally, it is necessary that data relating to a contracting card-holder can be transmitted across frontiers, subject to certain conditions. 8. Annex describing the various operations used to effect payment. Definitions of the terms 'payment device', 'issuer', 'system provider', 'contracting holder' and 'company-specific card'.
(4) Deadline for implementation of the legislation in the Member States	Not required.

(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 317, 24.11.1988
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.10. Standardization: information and telecommunications

(1) Objective	To promote closer cooperation in establishing EEC technical standards in the information technology and telecommunications sectors.
(2) Community measures	Council Decision 87/95/EEC of 22 December 1986 on standardization in the field of information technology and telecommunications.
(3) Contents	1. Prioritization of the areas which need standardizing. Furthermore, rapid publication of standards must be ensured so that undue delays do not result in early obsolescence of texts. 2. Establishment of European standards, European pre-standards and telecommunications functional specifications. These will be based on international standards where they exist. 3. Coordination of Member States' activities in: — the verification of conformity of products and services to standards and functional specifications; — the certification of conformity. 4. Member States shall ensure reference to European standards, European pre-standards, international standards and functional specifications for public procurement orders. 5. Special circumstances which may justify the use of standards and specifications other than those specified in this Decision, e.g. those requiring compatibility with existing systems, genuinely innovative projects, certain contracts worth less than ECU 100 000 (provided that this does not prevent the use of the correct standards in contracts worth more than ECU 100 000).
(4) Deadline for implementation of the legislation in the Member States	7.2.1988
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 36, 7.2.1987
(7) Follow-up work	
(8) Commission implementing measures	On 30 April 1991 the Commission adopted a report on standardization in the field of information technology and telecommunications. This report is submitted to the Council and the European Parliament in accordance with Article 8 of Council Decision 87/95/EEC and reports on the progress made in the area of standardization during 1988 and 1989.

5. NEW TECHNOLOGIES AND SERVICES

5.11. Telecommunications terminal equipment: mutual recognition of conformity

(1) Objective

To establish harmonized procedures for the certification, testing, marking, quality assurance and inspection of products.

(2) Community measures

Council Directive 91/263/EEC of 29 April 1991 on the approximation of the laws of the Member States concerning telecommunications terminal equipment, including the mutual recognition of their conformity.

Council Directive 93/68/EEC of 22 July 1993 amending Directive 91/263/EEC, as well as Directives 87/404/EEC, 88/378/EEC, 89/106/EEC, 89/336/EEC, 89/686/EEC, 89/392/EEC, 90/384/EEC, 90/385/EEC, 90/396/EEC, 92/42/EEC and 73/23/EEC.

Council Directive 93/97/EEC of 29 October 1993 supplementing Directive 91/263/EEC in respect of satellite earth station equipment.

(3) Contents

Directive 91/263/EEC

1. This Directive repeals Council Directive 86/361/EEC.
2. Definitions of the concepts 'public telecommunications network', 'technical specification' and 'standard'.
3. The objective of this Directive is to ensure compliance with the essential requirements defined by Council Directive 86/361/EEC.
4. The Directive applies to terminal equipment intended to be connected to the public telecommunications network, i.e. equipment intended either:
   — to be directly connected to a public telecommunications network terminal, or
   — to interoperate with a public telecommunications network by being directly or indirectly connected to a public telecommunications network terminal

   in order to transmit, process or receive data. The intended purpose of the equipment must be declared by the manufacturer or supplier. The Directive also contains specific provisions on equipment capable of, but not intended for, connection to a public telecommunications network.
5. Member States shall not hinder the marketing and free movement or the use on their territory of terminal equipment meeting the essential requirements laid down in the Directive. Furthermore, they undertake to take all necessary steps to prevent the marketing and use of equipment that does not meet the conditions laid down.
6. The Directive specifies the essential requirements to be met by terminal equipment.
7. Terminal equipment may be subjected to:
   — an EC-type examination: a notified body declares that the equipment meets the essential requirements; or to
   — an EC declaration of conformity, with full quality assurance drawn up by the manufacturer.

8. The Member States shall inform the Commission of the bodies established within the Community which they have appointed to certify and inspect products and to carry out the relevant supervisory functions.
9. Terminal equipment shall bear the EC mark of conformity, which consists of the letters EC followed by the identification symbol of the notified body responsible and a symbol indicating that the equipment is intended to be connected to the public telecommunications network and is suitable for that purpose.
10. A standing committee for terminal equipment called the Approvals Committee for Terminal Equipment (ACTE) shall be set up.
11. The Commission will periodically consult the representatives of the telecommunications organizations, the consumers, the manufacturers, the service providers and the trade unions and will inform the Committee on the outcome of such consultations, with a view to taking due account of this outcome.
12. Annexes containing the EC-type examination, conformity to type, full quality assurance and the minimum criteria to be observed by Member States for the designation of notified bodies pursuant to Article 10(1).
13. The Directive amends Council Directive 89/336/EEC.

Directive 93/68/EEC
The aim of this Directive is to state and clarify the amendments to Directive 91/263/EEC resulting from uniform provisions on the EC marking.

Directive 93/97/EEC
This Directive extends the scope of Directive 91/263/EEC and lays down measures to harmonize the Member States' legislation on satellite earth station equipment.

(4) Deadline for implementation of the legislation in the Member States

— Directive 91/263/EEC: 6.11.1992
— Directive 93/68/EEC: 1.7.1994
— Directive 93/97/EEC: 1.5.1995

(5) Date of entry into force (if different from the above)

Directive 93/68/EEC: 1.1.1995

(6) References

Official Journal L 128, 23.5.1991
Official Journal L 220, 30.6.1993
Official Journal L 290, 24.11.1993

(7) Follow-up work

(8) Commission implementing measures

— Decision 94/11/EC — Official Journal L 8, 12.1.1994
Commission Decision of 21 December 1993 on a common technical regulation for the general attachment requirements for public pan-European cellular digital land-based mobile communications.
This Decision governs the common technical regulation for the attachment of mobile radio terminals to the public mobile radio telephone network.

— Decision 94/12/EC — Official Journal L 8, 12.1.1994
Commission Decision of 21 December 1993 on a common technical regulation for the telephony application requirements for public pan-European cellular digital land-based mobile communications.
This Decision governs the common technical regulation for end-to-end telephone service provided over the mobile network.

5. NEW TECHNOLOGIES AND SERVICES

5.12. Implementation of open network provision (ONP)

(1) Objective	To establish harmonized conditions for the provision of an open telecommunications network, the basic objective for the completion of a single market in value-added services.
(2) Community measures	Council Directive 90/387/EEC of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of open network provision (ONP).
(3) Contents	1. The Directive provides for the harmonization of conditions for open access to, and open and efficient use of, the public telecommunications network infrastructure, and, if applicable public telecommunications services within and between the Member States. 2. Definitions of the terms 'telecommunications organizations', 'exclusive or special rights', 'public telecommunications network', etc. 3. Open network provision conditions must respect the following principles: — objectivity; — transparency; — non-discrimination. 4. Open network provision conditions may not restrict access to public telecommunications networks or public telecommunications services except on the grounds of essential requirements, namely: — security of network operations; — maintenance of network integrity; and, where justified, — interoperability of services; — data protection. 5. Open network provision conditions (several stages). 6. Provision for a gradual process of mutual recognition of declaration and/or licensing procedures ('authorizations') within the Community. 7. Annexes containing a list of telecommunications organizations the fields for which open network provision conditions may be drawn up; the reference framework for the drafting of open network provision conditions.
(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 192, 24.7.1990
(7) Follow-up work	Council Directive 90/387/EEC is a framework Directive on the basis of which the Commission must make specific proposals in the fields set out in the annex. Consequently, the Commission drew up proposals for the appropriate Directives and Recommendations during 1991.

This is the background to Council Directive 92/44/EEC on the application of open network provision (ONP) to leased lines adopted on 5 June 1992 (summary 5.13). The Directive lays down rules on the application of ONP to leased lines.

Council Recommendation 92/382/EEC on the harmonized provision of a minimum set of packet-switched data services (PSDS) in accordance with open network provision (ONP) principles was also adopted on 5 June 1992 (Official Journal L 200, 18.7.1992).
The Recommendation implements the general harmonized principles laid down by Council Directive 90/387/EEC and specifies the data transmission services whose provision is to be harmonized in all Member States.

The last measure on ONP to be adopted by the Council on 5 June 1992 was Recommendation 92/383/EEC on the provision of harmonized integrated services digital network (ISDN) access arrangements and a minimum set of ISDN offerings in accordance with open network provision (ONP) principles (Official Journal L 200, 18.7.1992).
Like the other measures on ONP, this Recommendation covers provision of technical interfaces, usage conditions and tariff principles, this time with regard to ISDN.

On 27 August 1992 the Commission presented a proposal for a Council Directive on the application of open network provision (ONP) to voice telephony (summary 5.14).
This proposal has three aims:
— to establish the rights of users *vis-à-vis* telecommunications organizations;
— to provide open and efficient access to public telephone services and fixed public telephone networks for providers of competing services and other telecommunications operators;
— to adapt voice telephony services to the needs of the single market, in particular as regards provision of Europe-wide voice telephony services.

(8) Commission implementing measures

— On 26 July 1991 the Commission published the announcement on the availability of the report on ONP for voice telephony (Official Journal C 197, 26.7.1991), inviting public comment.

— On 13 August 1993 the Commission published the third issue of the ONP list of standards for open network provision (Official Journal C 219, 13.8.1993).
The list revises the previous issues of 8 April 1993 and 29 December 1990.

5. NEW TECHNOLOGIES AND SERVICES

5.13. Provision of an open telecommunications network: application

(1) Objective	To specify conditions for the provision of an open telecommunications network for leased lines.
(2) Community measures	Council Directive 92/44/EEC of 5 June 1992 on the application of open network provision to leased lines.
(3) Contents	1. Definition of the concepts 'leased lines', 'equivalent transmission capacity', 'competing services', 'ONP Committee', 'users', 'national regulatory authority', simple resale of capacity', 'common ordering procedure', 'one-stop-ordering' and 'one-stop-billing'. 2. Telecommunications organizations must apply a number of general supply conditions including at least a certain number of parameters that are important to users, in particular the delivery period for a given type of leased lines and the duration of the contractual period. Telecommunications organizations must inform users of any changes in the general supply conditions. 3. The Directive provides guidelines for interpreting at Community level the concepts of 'essential requirements', which might restrict the use of leased lines. 4. At least five types of lease lines must be available throughout the Community. 5. The national regulatory authorities are to lay down the procedures for supervising telecommunications organizations. 6. Telecommunications organizations must use clear cost accounting systems complying with the basic principles of cost orientation and transparency. 7. The Directive provides for a conciliation procedure in the event of complaints by users. 8. Two annexes containing (1) a presentation of the information to be provided and (2) a definition of a minimum set of leased lines with harmonized technical characteristics.
(4) Deadline for implementation of the legislation in the Member States	5.6.1993
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 165, 19.6.1992
(7) Follow-up work	
(8) Commission implementing measures	— Communication — Official Journal C 277, 15.10.1993 Commission Communication on the publication of information in respect of leased lines. This Communication provides references to the way Member States make available information on leased lines (technical characteristics, tariffs, supply conditions, licencing requirements and conditions for the attachment of terminal equipment).

— Commission Decision of 15 June 1994, amending Annex II to Council Directive 92/44/EEC.
The purpose of this Decision is to amend Annex II of Directive 92/44/EEC to take account of new technical developments. This annex describes a minimum set of leased lines with harmonized characteristics that must be provided in order to guarantee harmonized supply through the European Union.

5. NEW TECHNOLOGIES AND SERVICES

5.14. Telecommunications: open network provision: voice telephony

(1) Objective

To provide open and efficient access to fixed public telephone networks and services and a harmonized voice telephony service for users throughout the Community.

(2) Proposal

Proposal for a Council Directive on the application of open network provision (ONP) to voice telephony.

(3) Contents

1. The Directive defines 'fixed public telephone network', 'users', 'national regulatory authority', 'ONP Committee', 'public pay-telephone' and 'public telephone call box' and refers to Directive 90/387/EEC for all the other definitions (summary 5.12).
2. Member States shall ensure that the telecommunications organizations provide a fixed public telephone network and a voice telephony service. They shall ensure that users can, on request, obtain a connection to the fixed public telephone network and connection and use of approved terminal equipment situated on the user's premises, in accordance with national and community law. The Directive makes these national regulatory authorities responsible for publishing information on access to the public telephone network and the voice telephony service, targets for supply time and quality of service and the conditions for termination of offerings.
3. An annex lists the features which users may request, in accordance with the technical standards specified in the Directive, subject to technical feasibility. The national regulatory authorities must also encourage provision of the other features listed in the annex. They must ensure that telecommunications organizations respond to requests from users for access to the public telephone network at network termination points other than the points referred to in the annex. The Directive also gives details of the procedure for requesting and granting such special network access. Reasonable requests for network interconnection from authorized providers of voice telephony services must be met, in particular to ensure Community-wide provision of a voice telephony service. The Directive lays the foundation for the technical and commercial arrangements covering such interconnection agreements.
4. The Directive lays down rules designed to ensure that the tariffs for use of the public telephone network follow the basic principles of cost orientation and transparency. To apply these tariff principles, the Member States must ensure that their telecommunications organizations formulate and put into practice a cost accounting system. The Directive also allows discount schemes, separate tariffs for low-usage subscribers and other special tariffs.
5. The national regulatory authorities must ensure that itemized billing is available to users on request. Users must be provided with a regularly updated directory, in which they must have the right to be included or not as they wish. Sufficient numbers of public telephone call boxes must be installed and it must be possible to make emergency calls from them. Calls to the single European emergency number will be free of charge. The Commission will ensure development of a telephone pre-payment card usable throughout the Community. The national regulatory authorities may introduce specific

facilities for handicapped users and people with special needs. The Commission will study the technical and economic feasibility of harmonized specifications for network access, including the socket.

6. The Member States must ensure that the measures taken to control the national telephone numbering plans guarantee that numbers and numbering ranges are allocated fairly, equitably and promptly. The plan must be published, subject to any limitations imposed on the grounds of national security. The Commission will promote Community-wide telephone numbering.

7. The Directive lays down the conditions for usage of the public telephone networks or voice telephony services, plus the essential requirements and standards to be observed for provision of such services.

8. The Directive also contains a series of procedural provisions covering:

— Community-wide convergence of targets and implementation of common services and facilities within the Community;

— notification and reporting by the national regulatory authorities and the Member States to the Commission in connection with the measures taken to implement the Directive;

— the conciliation and dispute resolution procedure;

— the possibility of deferment of some of the Member States' obligations;

— the technical modifications necessary to adapt to technical progress and to changes in market demand.

The Commission will be assisted by the Committee set up by Directive 90/387/EEC (summary 5.12).

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to 37 amendments. These amendments were designed to clarify some of the definitions and the measures on information for users, the role of the national regulatory authorities and the procedures to be observed in the event of any significant new initiatives.
Second reading: Parliament approved the Council's common position subject to 14 amendments. These amendments concerned users' rights, the transparency of the telecommunications organizations, the Committee procedure, consultation of the representatives of telecommunications organizations, control of the national regulatory authorities, and small or medium-sized telecommunications organizations.

(5) Current status of the proposal

Co-decision procedure

The Commission presented the proposal for a Directive to the Council on 27 August 1992.

First reading: On 10 March 1993 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 7 May 1993.

On 30 June 1993 the Council adopted its common position.

Second reading: On 19 January 1994 Parliament approved the Council's common position subject to amendments.

On 1 March 1994 the Commission presented an opinion on the amendments with an amended proposal incorporating some of the amendments it accepted.

On 10 March 1994 the Council decided to convene the Conciliation Committee in order to come to an agreement on a joint text.

The Conciliation Committee withheld approval of the joint text.

On 30 May 1994 the Council adopted a political agreement on its first common position without amendment.

On 20 June 1994 the Council confirmed its common position.

(6) References

Commission proposal	
COM(92) 247 final	Official Journal C 263, 12.10.1992
Amended proposal	
COM(93) 182 final	Official Journal C 147, 7.5.1993
Opinion and amended proposal	
COM(94) 48 final	Not yet published
European Parliament opinion	
First reading	Official Journal C 115, 26.4.1993
Second reading	Not yet published
Economic and Social Committee opinion	Official Journal C 19, 25.1.1993

5. NEW TECHNOLOGIES AND SERVICES

5.15. Telecommunications: open network provision (ONP): universal service

(1) Objective

To establish the basic principles of universal telecommunications service at Community level and to devise guidelines with respect to its financing.

(2) Community measures

Council Resolution of 7 February 1994 on universal service principles in the telecommunications sector.

(3) Contents

1. The political purpose of universal service is to give all users access to a defined minimum level of service of a specified quality at an affordable price.
2. The Resolution is a first step towards helping the regulatory authorities, operators and users to prepare for the total liberalization of telecommunications services on 1 January 1998 (summary 5.14).
3. In its Resolution, the Council recognizes the importance of maintaining and developing universal telecommunications service ensured through adequate funding and based on the principles of universality, equality and continuity.
4. A universal service of the type envisaged implies the right of every user to have a telephone connected to the network and access to a prompt installation and repair service, plus the right to know the procedures to be followed in the event of litigation with the network operator and to have progressive access to services such as itemized invoicing and high-capacity circuits.
5. The Council Resolution also recognizes:
— the need for common principles regarding the provision of universal service in order to achieve a balanced and fair regulatory environment throughout the Community;
— the need to make special and targeted provision of universal service for social reasons;
— the importance of being able to interconnect public networks and operators at national and Community level;
— the necessity of permitting internal transfers, access fees or other mechanisms as a means of financing the provision of universal service, while taking due account of the principles of transparency, non-discrimination and proportionality and competition rules;
— objectives with regard to cohesion;
— the need for the concept of universal service to evolve at a pace which matches that of advances in technology, market development and changes in user demand.
6. The Council Resolution calls upon the Member States to establish and maintain an appropriate regulatory framework and set appropriate objectives in order to ensure a universal service throughout their territory.
7. The Commission is invited to:
— study and consult on the issues raised by the definition of universal service and its means of financing;
— study, in consultation with the Member States, tariff principles, accounting principles and transfers with a view to facilitating their national adjustment programmes;

	— draw up common access charge principles, in consultation with the high-level committees of the national regulatory authorities; — submit a report to the European Parliament and the Council on the situation in the sector by 1 January 1996.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	Not required.
(6) References	Official Journal C 48, 16.2.1994
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.16. Telephone: pan-European mobile telephone

(1) Objective

To promote the development of pan-European land-based cellular communications by ensuring the free movement of mobile telephones and the compatibility of networks and EEC standards for manufacture.

(2) Community measures

Council Directive 87/372/EEC of 25 June 1987 on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.

Council Recommendation 87/371/EEC of 25 June 1987 on the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.

Council Directive 90/544/EEC of 9 October 1990 on the frequency bands designated for the coordinated introduction of pan-European land-based public radio paging in the Community.

Council Recommendation 90/543/EEC of 9 October 1990 on the coordinated introduction of pan-European land-based public radio paging in the Community.

(3) Contents

Directive 87/372/EEC
1. Member States to ensure that 905-914 and 950-959 MHz frequency bands, or equivalent parts of the 890-915 and 935-960 MHz bands, are reserved exclusively for a public pan-European cellular digital mobile communications service by 1 January 1991. The whole of 890-915 and 935-960 MHz bands are to be made available as soon as possible.
2. Definition of the term 'public pan-European cellular digital land-based mobile communications service' as a public, cellular radio service provided in each of the Member States to a common specification.

Recommendation 87/371/EEC
The Recommendation proposes that the telecommunications administrations implement detailed recommendations concerning the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community. Special consideration is to be given to the choice of transmission system and network interfaces. A time schedule is outlined in the annex to the Recommendation; the service should commence in 1991 at the latest.

Directive 90/544/EEC
The aim of the Directive is to ensure the availability in due course of the 169 MHz frequency band for the European radio messaging system (ERMES).

Recommendation 90/543/EEC
The aim of the Recommendation is to speed up the action required by the Member States, the telecommunications administrations and manufacturers for the development, introduction and progressive extension of European radio paging.

(4) Deadline for implementation of the legislation in the Member States	— Directive 87/372/EEC: 25.12.1988 — Recommendation 87/371/EEC: Member States to inform the Commission at the end of each year, beginning at the end of 1987, of actions taken and problems occurring — Directive 90/544/EEC: 18.10.1991 — Recommendation 90/543/EEC: 31.12.1992
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 196, 17.7.1987 Official Journal L 310, 9.11.1990
(7) Follow-up work	
(8) Commission implementing measures	On 23 November 1990 the Commission put forward a Communication concerning the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community (COM(90) 565 final). In its report on the implementation of Council Recommendation 87/371/EEC and Council Directive 87/372/EEC, the Commission underlines the considerable progress made in launching the services (voice telephony, emergency services, call forwarding) and in the process of standardization. Nevertheless, this technical progress linked as it is to the availability of common frequency bands throughout the Community, could still be slowed down by delays in the harmonization of approval arrangements and the granting of licences, and by the restrictions imposed by the owners of intellectual property rights for the components and software. The tariff system arrangements have still to be finalized. The Commission will tackle the problem of setting up an appropriate regulatory environment for mobile communications.

5. NEW TECHNOLOGIES AND SERVICES

5.17. Telephone: single European emergency call number

(1) Objective	To introduce a single emergency call number throughout the Community.
(2) Community measures	Council Decision 91/396/EEC of 29 July 1991 on the introduction of a single European emergency call number.
(3) Contents	1. The Decision provides for the introduction by Member States, by 31 December 1992, of the number 112 in the public telephone networks, future integrated services digital networks, and public mobile services, as a single European emergency call number. 2. The single European emergency call number will be introduced alongside any other existing national emergency call number, where justified. 3. Where the complete introduction of the number by 31 December 1992 is impossible or would prove too costly for a Member State owing to special technical, financial, geographical or organizational difficulties, it must notify the Commission of a new date for complete adoption which must in any case be effective no later than 31 December 1996. 4. Member States must take the necessary steps to ensure that calls to the number are followed up and processed appropriately, in a manner best suited to the national organization of emergency services, taking account of the technical facilities available on the networks.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 217, 6.8.1991
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.18. Telephone: international telephone access code

(1) Objective	To harmonize the international telephone access code in the Community before 1998.
(2) Community measures	Council Decision 92/264/EEC of 11 May 1992 on the harmonization of the international telephone access code in the Community.
(3) Contents	1. The Decision provides for the introduction by Member States of the code 00 in the public telephone networks as a common access code to the international telephone service. 2. The common access code to the international telephone service must be adopted by 31 December 1992. However, where a Member State is prevented from introducing the code by that date owing to special technical, financial or organizational difficulties, it must notify the Commission of a new date for adoption three months after the notification of the Decision (at a date no later than 31 December 1998). 3. The Decision provides for the establishment and maintenance of the special agreements for calls between neighbouring places separated by a border between Member States. These Member States must ensure that use of the code does not prevent correct routeing of calls or charging at the same rate as laid down in the special agreements.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 137, 20.5.1992
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.19. Integrated services digital network (ISDN): coordinated introduction of ISDN

(1) Objective	To draw up Recommendations concerning the introduction of ISDN by stages.
(2) Community measures	Council Recommendation 86/659/EEC of 22 December 1986 on the coordinated introduction of the integrated services digital network (ISDN) in the European Community.
(3) Contents	1. ISDN is a general-purpose network providing a wide range of services in the field of voice, data, text and image transmission, accessible to the user via a single interface. 2. In the annex to this Recommendation the Council draws up detailed recommendations relating to the coordinated introduction of ISDN in the Community. More specifically, a timetable is proposed for introducing by stages ISDN services according to harmonized standards for interfaces and equipment. 3. This timetable provides telecommunications administrations with guidelines for planning the implementation of ISDN.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 382, 31.12.1986
(7) Follow-up work	On 25 March 1994 the Commission, in accordance with Article 7 of Recommendation 86/659/EEC, presented the 1993 progress report concerning the coordinated introduction of the integrated services digital network (ISDN) in the European Community (COM(94) 81 final). This is the fourth annual report on ISDN. According to the report, ISDN is now available in nine Member States, with some 350 000 subscribers. All the networks in the Member States offering commercial services are interconnected, with only Greece and Portugal not yet offering commercial ISDN services. Prior to 1993, ISDN was installed on the basis of national specifications, which differ in some respects. At the end of 1992, the ETSI (European Telecommunications Standards Institute) finalized all the harmonized standards needed for the operation of EURO-ISDN, and from 1993 onwards, all the public network operators began to introduce the system.
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.20. Integrated services digital network (ISDN): strengthening of the coordination for the introduction of ISDN

(1) Objective

To strengthen the coordination for the introduction of the integrated services digital network (ISDN) in the European Community.

(2) Community measures

Council resolution of 18 July 1989 on the strengthening of the coordination for the introduction of the integrated services digital network (ISDN) in the European Community up to 1992.

(3) Contents

1. In this resolution the Council stresses the importance of:
— the introduction of truly Europe-wide compatible ISDN services by 1992;
— the compatibility of those services and the portability of terminals which can be connected to the ISDN (i.e. the availability of low-cost terminals which can operate in any Member State without any modification), and;
— the optimization of the competitiveness of the European terminal equipment industry.
2. The Council considers that it is necessary to:
— accelerate the establishment of common specifications, based on European standards, for equipment and interfaces;
— seek ways of enabling manufacturers to contribute to the implementation of European standards and common specifications (to guarantee end-to-end compatibility and terminal portability);
— examine the applicability of the relevant aspects of open network provision (ONP) to ISDN;
— pursue the discussion at European level regarding user privacy protection requirements and requirements concerning the security of communications.
3. The Council invites the telecommunications administrations (i.e. recognized private operating agencies offering telecommunications services) to supply at least a minimum set of pan-European ISDN services and features and introduce a common ISDN signalling system (as provided for in the memorandum of understanding agreed between these administrations on 6 April 1989).
4. It invites the Commission and the telecommunications administrations to strengthen coordination and intensify consultations between the telecommunications administrations of all Member States on the availability of a set of pan-European commercial services before 31 December 1992.
5. The Council also invites the Member States to provide experts who can draw up European standards and create the necessary conditions, in particular with regard to training.
6. Finally, the Council invites the Commission to:
— involve the directors-general of the telecommunications administrations in all aspects of coordination of the introduction of ISDN;
— issue additional mandates to ETSI as necessary and appropriate;
— consider the applicability of relevant aspects of ONP to ISDN;

	— evaluate the feasibility of research and development for the implementation of common terminals for one or more ISDN services; — examine the possibilities for stepping up future support for the implementation of ISDN in the less-favoured regions of the Community.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal C 196, 1.8.1989
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.21. Integrated services digital network (ISDN): development of ISDN as a European-wide telecommunications infrastructure

(1) Objective	To promote the development of ISDN as a European-wide telecommunications infrastructure.
(2) Community measures	Council resolution of 5 June 1992 on the development of the integrated services digital network (ISDN) in the Community as a European-wide telecommunications infrastructure for 1993 and beyond.
(3) Contents	1. In this resolution the Council recognizes: — the role which harmonized ISDN standards play as an important prerequisite for the implementation of the Euro-ISDN (the term Euro-ISDN is used to address an ISDN implementation fully based on harmonized ETSI standards) and the progress which ETSI has made in this area; — the efforts already undertaken by the public telecommunications network operators; — the importance of developing ISDN in the context of trans-European networks. 2. The Council considers the finalization and adoption of the Euro-ISDN standards as one of the highest priorities for ETSI. It also considers it necessary to continue with the coordination of the introduction of ISDN within the Community, to introduce Euro-ISDN rapidly and to promote Euro-ISDN at a world-wide level. 3. The Council invites the telecommunications network operators, the Member States and the Commission to take all necessary steps (listed in the resolution) to achieve these objectives.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal C 158, 25.6.1992
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.22. Integrated services digital network (ISDN): guidelines for the development of ISDN as a trans-European network

(1) Objective

To promote the development of ISDN as a trans-European network.

(2) Proposal

Proposal for a Council Decision on a series of guidelines for the development of ISDN as a trans-European network.

(3) Contents

1. This Decision lays down guidelines identifying the objectives, priorities, broad lines of measures and a number of projects of common interest concerning the development of ISDN as a trans-European network.
2. The objectives are:
— the availability of Euro-ISDN (the term Euro-ISDN is used to address an ISDN implementation fully based on harmonized European standards), and
— the full geographical coverage of Euro-ISDN facilities in all Member States.
3. The priorities for attainment of the objectives are:
— to contribute to the rapid availability of Euro-ISDN facilities for all business users, in particular small and medium-sized enterprises,
— to maximize the usage of Euro-ISDN in the Community, and
— to facilitate the access of peripheral regions to modern communications by means of Euro-ISDN.
4. The broad lines of action designed to attain the objectives are:
— elimination of bottlenecks in the roll-out of Euro-ISDN,
— to ensure the end-to-end interoperability of telematic services,
— migration of public and private sector applications to Euro-ISDN, and
— promotion of Euro-ISDN terminal availability.
5. The projects of common interest correspond to the broad lines of action and are defined in the annex to the Decision.
6. The Decision calls on the Member States to introduce regulatory and organizational measures to allow the implementation of ISDN as a trans-European network and to encourage the public network operators to introduce the infrastructure required for the development of ISDN as a trans-European network.
7. The Decision authorizes the Commission to open negotiations with non-Community countries likely to conclude agreements with the Community designed to allow them to participate in the above-mentioned projects of common interest and to improve interconnectivity and interoperability of the ISDN implementation between those countries and the Member States.
8. The Decision obliges the Commission to carry out an overall evaluation of the application of the guidelines described above in 1997 in the light of any change in the regulatory conditions applicable to ISDN.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments are concerned in particular with the integration of member countries of the European Free Trade Association into the geographical coverage of Euro-ISDN.

(5) Current status of the proposal	Co-decision procedure The Commission presented the proposal on 1 September 1993. First reading: On 19 April 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.	
(6) References	Commission proposal COM(93) 347 final	Official Journal C 259, 23.9.1993
	European Parliament opinion First reading	Not yet published
	Economic and Social Committee opinion	Official Journal C 52, 19.2.1994

5. NEW TECHNOLOGIES AND SERVICES

5.23. Integrated services digital network (ISDN): multiannual Community action concerning the development of ISDN as a trans-European network

(1) Objective

To establish a multi-annual Community action concerning the implementation of projects of common interest and measures ensuring interoperability.

(2) Proposal

Proposal for a Council Decision adopting a multi-annual Community action concerning the development of ISDN as a trans-European network (TEN-ISDN).

(3) Contents

1. This Decision provides for a multi-annual Community action TEN-ISDN, consisting of the implementation of projects of common interest defined in Council Decision (summary 5.22) and measures ensuring the interoperability of ISDN applications. It runs for five years.
2. The projects of common interest are accompanied by the establishment of ISDN infrastructure and services conforming to the relevant harmonized standards produced by ETSI, with a view to ensuring the full interconnectivity and interoperability of ISDN implementations.
3. Implementation of the action is closely coordinated with Community policies and the requirements of users, notably small and medium-sized enterprises. The areas concerned are:
— trans-European networks and services;
— standardization;
— identification of user requirements;
— legal aspects; and
— data protection aspects raised by the introduction of ISDN.
4. The Decision authorizes the Commission to negotiate agreements with non-Community countries with a view to their full or partial involvement in the action.
5. The consultation procedure (advisory committee composed of representatives of the Member States and chaired by a representative of the Commission) applies to:
— the drawing-up of the work programme for feasibility studies;
— the adoption of the recommendations of the feasibility studies;
— the establishment of assessment criteria.
6. The Commission is required to report every year on the activities to the Council and the European Parliament. A final report, at the end of the action, will assess the extent to which the objectives have been attained and propose any further action which may be needed.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments are concerned in particular with cooperation with the member countries of the European Free Trade Association, funding for the establishment of telecommunications infrastructures and questions of procedure.

(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 1 September 1993. First reading: On 19 April 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.
(6) References	Commission proposal COM(93) 347 final — Official Journal C 259, 23.9.1993 European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Official Journal C 52, 19.2.1994

5. NEW TECHNOLOGIES AND SERVICES

5.24. General rules for the granting of Community financial aid in the field of trans-European networks

(1) Objective

To lay down general rules for the granting of Community financial aid to the infrastructure projects in the transport, telecommunications and energy sectors identified in the Council's guidelines on trans-European networks.

(2) Proposal

Proposal for a Council Regulation laying down general rules for the granting of Community financial aid in the field of trans-European networks.

(3) Contents

1. This regulation defines the conditions and procedures for granting Community aid to projects of common interest in the field of trans-European networks for transport, energy and telecommunications. It does not affect the specific rules and regulations laid down in the proposal for a Council decision on trans-European data communications networks between administrations (IDA).
2. Eligibility criteria:
— projects of common interest financed by Member States and identified within the framework of the guidelines referred to in Article 129c of the Treaty;
— projects financed by organizations working within an administrative or legal framework that makes them similar to public organizations;
— where the abovementioned guidelines have not yet been adopted by the Council, other infrastructure projects which contribute to the achievement of the objectives set out in Article 129b of the Treaty.
The concept of 'project' includes the technically and financially separate stages of projects which form a whole designed to fulfil an economic and technical function.
3. Forms of Community aid:
— cofinancing of feasibility studies (a substantial contribution from the public authorities is required) and preparatory studies, evaluation studies and other technical support measures (may be financed, where necessary and undertaken at the initiative of the Commission, to 100% of the total cost);
— contribution to the premiums of loan guarantees (in whole or in part);
— interest-rate subsidies (maximum 10% of the total cost of the investment in net grant equivalent);
— cofinancing of investment projects (by way of exception).
4. The budgetary authority sets the amount of appropriations for each year and for each area.
5. Common project selection criteria. Community aid is granted on a priority basis to projects according to their contribution:
— to the establishment of trans-European networks;
— to the harmonization of technical standards;
— to the interconnection and interoperability of national networks;
— to the improvement of access to networks;

— to the integration of the various networks;
— to the reliability and safety of the networks.
Other common project selection criteria include their contribution to the smooth running of the internal market, cohesion policy and environmental protection, and their potential economic viability.
6. Selection criteria particularly concerning telecommunications.
Community financial aid is granted to projects evaluated according to their contribution to the cross-boundary interconnection of physical networks and the interoperability of services and their contribution towards the launching and expansion of new markets, with resulting economies relating to scale, scope and the introduction of multimedia equipment and services.
7. Applications for financial aid must be submitted to the Commission through the intermediary of the Member State concerned or by the body directly concerned with the agreement of the Member State. The regulation stipulates the information required for the assessment and identification of applications (e.g. name of the body responsible, the type of assistance envisaged and a description of the project concerned).
8. Financial provisions: eligible expenditure and method of payment.
9. Financial control is carried out by Member States. Without prejudice to this control work, the Commission may send officials or staff to carry out spot checks on the projects financed. The Commission may reduce, suspend or cancel financial aid in the event of irregularities, or if one of the conditions specified in the decision granting the financial aid has not been met.
10. Cooperation to evaluate systematically progress with projects.
Every two years, the Commission is to submit a report on the activities carried out under this regulation.
11. In the telecommunications sector, the Commission is assisted in implementing this regulation by the Committee on Telecommunications set up by Council Decision 78/174/EEC. Its role is that of a management committee.

(4) Opinion of the European Parliament	Not yet delivered.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 2 March 1994. The proposal is currently before Parliament for its opinion.
(6) References	Commission proposal COM(94) 62 final — Official Journal C 89, 26.3.1994 Economic and Social Committee opinion — Not yet published Committee of the Regions — Not yet published

5. NEW TECHNOLOGIES AND SERVICES

5.25. Competition in the markets in telecommunications terminal equipment

(1) Objective	To liberalize the markets in telecommunications terminal equipment
(2) Community measures	Commission Directive 88/301/EEC of 16 May 1988 on competition in the markets in telecommunications terminal equipment.
(3) Contents	1. Member States are to withdraw any special or exclusive rights for the importation, marketing, connection, bringing into service of telecommunications terminal equipment and/or marketing of such equipment which they have granted to public or private bodies. The measures taken or draft legislation introduced to that effect must be communicated to the Commission. 2. Except in certain special cases (absence of technical specifications or the technical qualifications of economic operators), Member States must ensure that all economic operators have the right to import, market, connect, bring into service and maintain terminal equipment. 3. New public network termination points must be accessible to users and the physical characteristics of these points must be published by 31 December 1988 at the latest. Installations already existing on 31 December 1988 must be equipped with a termination point accessible to all users within a reasonable period. 4. Member States must communicate to the Commission a list of all technical specifications and type-approval procedures used for terminal equipment and provide the publication references (Member States must ensure that they are published if this has not already been done). 5. All other specifications and type-approval procedures for terminal equipment must be formalized and published; the notification procedure set out in Directive 83/189/EEC applies in this case. 6. With effect from 1 July 1989, responsibility for drawing up the specifications, monitoring their application and granting type-approval must be entrusted to a body independent of public or private undertakings offering goods and/or services in the telecommunications sector. 7. Customers must be given the possibility of terminating leasing or maintenance contracts for terminal equipment subject to exclusive or special rights at the time of conclusion of the contracts. 8. The annex contains an outline of the report that Member States must make annually to the Commission.
(4) Deadline for implementation of the legislation in the Member States	19.5.1988, except for certain provisions.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 131, 27.5.1988
(7) Follow-up work	On 2 December 1993 the Commission presented to the Council a draft Commission Directive amending Directives 88/301/EEC and 90/388/EEC with regard to satellite communications (SEC(93) 1891 final).

It announced its intention of finally adopting this Directive after receiving the Council's comments.
This draft Directive is intended to extend the liberalization measures to satellites.

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.26. Competition in the markets for telecommunications services

(1) Objective

To strengthen Community telecommunications and gradually open up the telecommunications market to competition as planned in the Commission's 1987 Green Paper.

(2) Community measures

Commission Directive 90/388/EEC of 28 June 1990 on open competition in the markets for telecommunications services.

(3) Contents

1. Definitions of the terms 'telecommunications services', 'telecommunications organizations', 'public telecommunications network', etc.
2. The Directive does not apply to telex, mobile radiotelephony, paging or satellite communications services.
3. Member States are bound to withdraw all special or exclusive rights for the provision of telecommunications services other than voice telephony. They must also take the measures necessary to ensure that any operator is entitled to provide such telecommunications services.
4. Member States which make the provision of such services subject to a licensing or declaration procedure must ensure that the conditions for the granting of licences are objective, non-discriminatory and transparent, that reasons are given for any refusal, and that there is a procedure for appealing against any such refusal.
5. As regards packet- or circuit-switched data services, Member States may, until 31 December 1992, prohibit economic operators from offering leased-line capacity for simple resale to the public. Member States must, no later than 31 December 1992, publish any licensing or declaration procedures adopted for the provisions of such services.
6. Member States which maintain special or exclusive rights for the provision and operation of public telecommunications networks must take the necessary measures to make the conditions governing access to the networks objective and non-discriminatory and publish them.
7. Member States must ensure that from 1 July 1991 the granting of operating licences, the control of type approval and mandatory specifications, the allocations of frequencies and surveillance of usage conditions are carried out by a body independent of the telecommunications organizations.
8. In 1992 the Commission will carry out an overall assessment of the situation in the telecommunications sector in relation to the aims of this Directive. In 1994, the Commission shall assess the effects of the measures in order to see whether any amendments need to be made to the provisions of the Directive, particularly in the light of technological evolution.

(4) Deadline for implementation of the legislation in the Member States

— 31.12.1990: Articles 2, 4, 5, 6 and 7(2)
— 1.7.1991: Article 7(1)
— 30.6.1992: Article 3(2)
— 31.12.1992: Article 3(4)

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 192, 24.7.1990

(7) Follow-up work

The Commission has published guidelines on the application of EEC competition rules in the telecommunications sector (Official Journal C 233, 6.9.1991).
These guidelines are intended to clarify the situation with regard to the application of rules to market participants in the telecommunications sector. They are intended to provide advice to public telecommunications operators, the legal profession and others concerned about the general legal and economic principles employed by the Commission in this area. These general principles have evolved from the application of competition rules to undertakings in the telecommunications sector and the rulings of the Court of Justice of the European Communities in this sector.

On 21 October 1992 the Commission adopted the 1992 review of the situation in the telecommunications services sector (SEC(92) 1048 final) in accordance with Article 10 of the Directive. The review sets out four possible options with regard to Regulation:
— freezing of the present situation;
— direct Regulation of tariffs and investment;
— the liberalization of all national and international voice telephony;
— opening competition in voice telephony between Member States.
The Commission concludes that at the present stage option 4 seems to be the best way of achieving its policy objectives in this sector and invites the parties concerned to submit their comments on the four options.

On 28 April 1993 the Commission adopted a communication to the Council and the European Parliament on the consultation on the review of the situation in the telecommunications services sector (COM(93) 159 final).
This communication describes the outcome of a public consultation process on the report of 21 October 1992 and identifies the key points of the general consensus achieved. The communication proposes:
— full liberalization of voice telephony services from 1 January 1998, with transitional arrangements for peripheral regions and Member States with less-developed networks;
— full application of existing legislation and adoption of pending proposals;
— a Green Paper on mobile communications by the end of 1993;
— a Green Paper on the development of public infrastructure and cable television networks by the end of 1994;
— adjustment by the Member States of tariff structures which are holding up full liberalization.

On 22 July 1993 the Council adopted a resolution on the review of the situation in the telecommunications sector and the need for further development in that market (Official Journal C 213, 6.8.1993).
In this resolution the Council approved a timetable for the liberalization of telephony services. This should be achieved by 1 January 1998, although four countries (Spain, Ireland, Greece and Portugal) have been granted an additional transition period of up to five years. Countries with very small networks may also be granted an extension beyond 1 January 1998.

On 2 December 1993 the Commission presented to the Council a draft Commission Directive amending Directives 88/301/EEC and 90/388/EEC with regard to satellite communications (SEC(93) 1891 final).
The Commission stated its intention of finally adopting this draft following receipt of the Council's comments. The draft Directive is designed to extend the liberalization measures to satellite services.

(8) Commission implementing measures

— Commission Decision of 26 November 1992 applying Article 3 of Directive 90/388/EEC not to object to the entry into force of the French Decree applying Article L 34-2 on support services and specific services communicated on 25 August 1992.

— Commission Decision of 5 July 1993, pursuant to Article 3 of Directive 90/388/EEC, not to raise objections to the implementation of the Belgian specifications for the operation of of a data-switching service.

5. NEW TECHNOLOGIES AND SERVICES

5.27. Protection of personal data: public digital telecommunications networks

(1) Objective

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

(2) Proposal

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

(3) Contents

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

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

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments aim to make the Directive less restrictive. In particular, Parliament is asking for the Directive also to cover the collection of data, for the concept of 'personal data' to be clarified and for 'communication of data' to be defined. It is also calling for clarification of cases falling outside the Directive's scope and of the role of the personal data protection group provided for by the Directive.

(5) Current status of the proposal

Co-decision procedure

The Commission presented the proposal on 13 September 1990.

First reading: On 11 March 1992 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 15 October 1992.

The Commission presented a new amended proposal on 13 June 1994.

The new amended proposal is currently before the Council for a common position.

(6) References

Commission proposal COM(90) 314/V final	Official Journal C 277, 5.11.1990
Amended proposal COM(92) 422 final	Official Journal C 311, 27.11.1992
Amended proposal COM(94) 128 final	Not yet published
European Parliament opinion First reading	Official Journal C 94, 13.4.1992
Economic and Social Committee opinion	Official Journal C 159, 17.6.1991

5. NEW TECHNOLOGIES AND SERVICES

5.28. Information security

(1) Objective	To provide general users, administrations and the business community with effective and practical security for electronically stored information without compromising the interests of the public at large.
(2) Community measures	Council Decision 92/242/EEC of 31 March 1992 in the field of information security.
(3) Contents	1. The Decision provides for the establishment of a Committee of Senior Officials with a long-term mandate to advise the Commission on the action to be taken on information security and on the adoption of an action plan to last, initially, for 24 months. An estimated ECU 12 million will be needed for this initial 24-month period. 2. The action plan comprises: — development of an information security strategy framework; — analysis of information security requirements; — solutions for certain priority needs; — specifications, standardization and verification of information security; — integration of technological and operational developments for information security within a general strategy; — integration of certain security functions in information systems. Details of the action plan are set out in the annex to the Decision. 3. The Commission will regularly consult the Committee on information security issues, notably with a view to defining strategies and work programmes.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 123, 8.5.1992
(7) Follow-up work	
(8) Commission implementing measures	Commission Decision of 19 July 1993 concerning the updated work programme and the call for proposals for initial feasibility studies, and subsequent specification and implementation of user-orientated field trials in the area of Third Party Trusted Services (TPTS), related to the action in the field of security of information systems. This new work programme calls for an expression of interest in feasibility studies and the specification of a field trial; the maximum duration of the studies will be three months. Phase II will involve the development and implementation of a small number of selected field trials, meeting common interest groups' requirements. The funds to be committed for 1993 are estimated at about ECU 1 million, while for 1994 the estimate is ECU 6 million.

5. NEW TECHNOLOGIES AND SERVICES

5.29. Exchange of electronic data (second phase of the TEDIS programme)

(1) Objective

Ensuring that the setting-up of computerized data exchange systems within the Community takes place in the most efficient manner possible.

(2) Community measures

Council Decision 91/385/EEC of 22 July 1991 introducing the second stage of the TEDIS programme (trade electronic data interchange systems).

(3) Contents

1. In light of the results of the first stage of the TEDIS programme the Commission is sending the Council a proposal concerning a second stage with a budget of ECU 25 million including ECU 10 million for the period 1991-92 covered by the financial perspective for 1988-92. The second stage of the programme will last for three years. For the remainder of the programme's duration, the amount will depend on the Community financial framework in force.
2. The first stage of the programme, which began in 1988 with a budget of ECU 5.3 million covering two years and also bringing in the EFTA countries as associates, coordinated the activities pursued in the following sectors: motor vehicle design (Odette), chemicals (CEFIC-EDI), electronics and dataprocessing (Edifice), retail trade and distribution (EAN-EDI), reinsurance (RINET) and transport (TEDIS Transport Group). The programme has made a major contribution towards commonality of the standards used by supporting the introduction of the international Edifact standard. The full report on the activities conducted during the initial stage is contained in document COM(90) 361 final.
3. The foremost aim of the second stage of the TEDIS programme is to integrate the vertical EDI activities (exchange of electronic data) and the relevant horizontal activities (first-stage sector projects), that is
— standardization of EDI messages: development and use of the Edifact standard in Western Europe. Development of conversion software in line with the Edifact standard and recommendations;
— interlinking of data networks;
— drawing-up of a model agreement on the legal status of EDI messages, their contractual validity and their proven values;
— guaranteeing message security (partner authentication, message integrity, confidentiality, etc.);
— coordination of the sectoral and geographical integration of the projects with the interface with the rest of the world, and in particular, apart from the EFTA countries, with the Mediterranean countries, Central and Eastern Europe;
— measurement of the impact of EDI on the management and organization of public and private bodies and of its social and economic repercussions;
— potential awareness campaigns aimed at potential users of such systems (and in particular SMBs) hardware and software producers, and the suppliers of services.
4. At the end of the TEDIS programme, the Commission will present to Parliament, the Council and the Economic and Social Committee a final report which evaluates the extent to which the programme's objectives have been achieved.

(4) Deadline for implementation of the legislation in the Member States	1.7.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 208, 30.7.1991
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.30. Satellite communications: satellite communications services and equipment

(1) Objective	To define a common position on future regulations and the development of satellite communications in the Community.
(2) Community measures	Council Resolution of 19 December 1991 on the development of the common market for satellite communications services and equipment.
(3) Contents	1. Objectives concerning satellite communications: — harmonization and liberalization for appropriate earth satellite communications stations (comprising the abolition of exclusive or special rights, provided that basic requirements are met); — harmonization and liberalization to facilitate the provision and use of satellite communications services on the European scale (provided that there are conditions governing essential requirements and maintaining special or exclusive rights); — separation of the regulatory and operating functions in the field of satellite communications; — easier access to the space segment and capacity of intergovernmental bodies operating satellite systems, and establishment of effective and accelerated procedures for establishing separate satellite systems and providing access to these systems. 2. Commission's intentions in the field of satellite communications: — to propose the measures required to achieve the above objectives and, more particularly, to create a competitive market for satellite communications services and equipment; — to analyse the effect of these measures on the European satellite communications industry and to make proposals aimed at ensuring competitiveness with non-Community countries; — to give progress reports at intervals on the implementation of the above measures. 3. Lastly, the Council invites the Member States to: — draw up effective, non-discriminatory and accelerated procedures for establishing separate satellite systems; — to improve and broaden access to the space segments of intergovernmental bodies operating satellite systems (taking account of special or exclusive rights regarding the provision of public telecommunications services).
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal C 8, 14.1.1992

(7) Follow-up work

On 29 October 1993 the Council adopted Directive 93/97/EEC supplementing Directive 91/263/EEC in respect of satellite earth station equipment (summary 5.11).

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.31. Satellite communications: introduction of satellite personal communication services

(1) Objective	To provide a framework for the future development of satellite personal communication systems.
(2) Community measures	Council Resolution of 7 December 1993 on the introduction of satellite personal communication services in the Community.
(3) Contents	1. In this resolution, the Council underlines the importance of using satellites for personal communications, as well as the global and particular characteristics of these services affecting the regulatory regimes. 2. It notes that the advantages of satellite personal communications could be extended to a vast range of potential users, in particular to those for whom access to established services is non-existent or problematic (for example in less-developed regions). 3. It therefore considers that it is necessary to develop a Community policy for satellite personal communications that would be based mainly on existing legislation on telecommunications (in particular satellite communications) and on the Green Paper on the future policy on mobile communications. 4. To this end, the Council invites the Member States to make the necessary efforts towards developing such a policy and to reach a coordinated position within the context of international bodies and in relation to third countries. 5. Finally, the Council invites the Commission: — to investigate the impact of satellite personal communications on other Community policies; — to define an effective joint policy aimed at improving the competitive position of the European space and related telecommunications industries and achieving a global, open market; — to monitor international developments, particularly the regulatory proceedings outside the Community; — to examine, in close cooperation with the international telecommunications institutions (ETSI, ERC, ECTRA) the related standardization, radio frequency and licencing issues; — to set up a platform for strategic discussions among all interested parties; — to report regularly to the European Parliament and the Council on developments in this area.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	

(6) References

(7) Follow-up work

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.32. Information services market

(1) Objective

To eliminate the technical, administrative and legal obstacles to the establishment of a common market in information services.

(2) Community measures

Council Decision 88/524/EEC of 26 July 1988 concerning the establishment of a plan of action for setting up an information services market.

Council Decision 91/691/EEC of 12 December 1991 adopting a programme for the establishment of an internal information services market.

(3) Contents

Decision 88/524/EEC
1. Launching of large-scale pilot and demonstration projects which will exert a catalytic effect on the development of the information services market. This action plan is called Impact (information market and policy actions).
2. Measures to improve market conditions for electronic information services such as:
— setting up a European information market observatory;
— the elimination of technical, adminstrative and legal barriers to setting up an internal market in information services;
— standardization and simplification for the improvement of conditions for transmitting and accessing information services;
— initiative to improve the synergy between the public and private sectors;
— the reinforcement of user-support initiatives;
— the preparation of a specific action in favour of libraries.
3. Provision of ECU 15 million for 1989 and ECU 21 million for 1990.
4. Obligation on the part of the Commission to submit in the second half of 1989 an evaluation report on the results obtained through the implementation of the measures as a result of which it may present guidelines for future action up to 1992 (see (8) below).

Decision 91/691/EEC
1. A new programme, proposed for a period of four years with a budget of ECU 64 million, which takes up the general objectives of the first plan of action and adds lines of action and intervention mechanisms in the light of experience gained and market developments.
2. The proposed main changes to the intervention mechanisms concern simplification of the procedures for calls for proposals for shared-cost projects and flexibility in Community support to allow increased participation by small and medium-sized businesses and the less-favoured regions.

(4) Deadline for implementation of the legislation in the Member States

Not required.

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 288, 21.10.1988
Official Journal L 377, 31.12.1991

(7) Follow-up work

(8) Commission implementing measures

— In accordance with Council Decision 88/524/EEC, the Commission presented in September 1990 an evaluation report on the Impact programme. It also contains a report on the most important events which took place in the information services market.

— Commission Decision of 24 November 1992 selecting 59 pilot and demonstration projects for the granting of a Community contribution and two calls for proposals under the programme aimed at establishing an internal market in information services (1991-95). These projects, which will receive Community financing, aim to contribute towards the establishment of new multimedia information services and to support strategic initiatives in the information sector. They were selected following a call by the Commission in the Official Journal of 2 June 1992 in accordance with Decision 91/691/EEC adopting a programme for the establishment of an internal information services market.

— Commission Decision of 3 March 1993 concerning the annual work programme and the breakdown of budgetary expenditure on the programme for the establishment of an internal information services market pursuant to Decision 91/691/EEC.
The Decision approves the 1993 work programme (Impact 2) and its budgetary implications. The new programme provides for four action lines:
— improving the understanding of the internal information market (8.7% of the budget);
— overcoming legal and administrative barriers (3.6%);
— increasing user-friendliness and improving information literacy by promoting awareness and providing users with assistance and training (31.4%) and by applying forms and standards (4.0%);
— supporting strategic information initiatives (50.9%).
Particular attention will be given to less-favoured regions and SMEs.

— Comission report of 19 April 1993 on the most important developments on the electronic information services market in 1990/1991, pursuant to the Impact programme (COM/93/156 final).
This third report pursuant to Article 6 of Council Decision 91/691/EEC confirms the conclusions reached in the previous reports to a certain extent. However, it adds three new developments:
— the growth rate of the international on-line information markets has eased off;
— intra-Community trade in ASCII on-line databases is growing rapidly;
— there have been a substantial number of mergers and takeovers of companies on the European information market, resulting in a reduction in the number of active vendors.

— Commission report of 14 December 1993 on the main events and developments which occurred in the electronic information services market in 1991/92 (COM(93) 651 final).
This fourth report pursuant to Article 6 of Council Decision 91/691/EEC reviews the most important trends which became apparent over the period 1991/92 within the following sectors: 'classical' on-line ASCII database services, videotex services, publications on optical disk, and fax-based and audiotex information services.
The report is annexed to a communication to the Council, the European Parliament and the Economic and Social Committee.

— Commission Decision of 1 February 1994 concerning the annual work programme and the breakdown of budgetary expenditure on the programme for the establishment of an internal information (Impact 2).
The Decision approves the 1993 work programme (Impact 2) and its budgetary implications. The new programme provides for four action lines:
— improving the understanding of the market;
— the elimination of adminstrative and legal barriers;
— increasing user-friendliness and improving information literacy on INFO EURO ACCESS — user aspect;
— supporting strategic information initiatives.

5. NEW TECHNOLOGIES AND SERVICES

5.33. Radio frequencies: digital European cordless telecommunications (DECT)

(1) Objective

To coordinate the cordless telephone systems currently used in the Community and the frequency bands in which they operate.

(2) Community measures

Council Directive 91/287/EEC of 3 June 1991 on the frequency bands to be designated for the coordinated introduction of digital European cordless telecommunications (DECT) in the Community.

Council Recommendation 91/288/EEC of 3 June 1991 on the coordinated introduction of digital European cordless telecommunications (DECT) in the Community.

(3) Contents

Directive 91/287 (EEC)
1. Definition of the 'digital European cordless telecommunications system'.
2. Obligation on the part of the Member States to designate the 1880-1900 MHz frequency band for digital cordless telecommunications by 1 January 1992. Digital European cordless telecommunications have priority and are protected in the designated band.
3. The Commission will report to the Council on the implementation of this Directive not later than the end of 1995.

Recommendation 91/288 (EEC)
1. The Member States and, where appropriate, the telecommunications administrations are to draw up detailed recommendations on the coordinated introduction of digital European cordless telecommunications in the Community.
2. Definition of the 'digital European cordless telecommunications system'.
3. Member States are required to inform the Commission at the end of each year, from the end of 1992 onwards, of the measures taken and the problems encountered in the course of implementing this Recommendation.
4. The telecommunications administrations should continue to cooperate within the European Conference of Postal and Telecommunications Administrations (ECPT) and/or the European Telecommunications Standards Institute (ETSI) on the completion of the specifications and the introduction and operation of DECT technology.
5. The Commission should prepare a long-term strategy for the development of the pan-European digital cellular, paging and cordless telecommunications systems, which are soon to be introduced, taking account of the general development towards a universal personal communications system, and recent studies and the ETSI work programme.
6. Annex concerning detailed requirements for the coordinated introduction of digital European cordless telecommunications in the Community.

(4) Deadline for implementation of the legislation in the Member States	31.12.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 144, 8.6.1991
(7) Follow-up work	
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.34. Radio frequencies: digital short-range radio (DSRR)

(1) Objective	To ensure the availability throughout the Community of a common frequency band for DSRR and to carry forward earlier Community initiatives in the field of mobile communications.
(2) Proposal	Proposal for a Council Directive on the frequency bands to be designated for the coordinated introduction of digital short-range radio (DSRR) in the Community.
(3) Contents	1. Definition of the concept of 'digital short-range radio system'. 2. Member States' obligation to designate the frequency bands 888-890 MHz and 933-935 MHz for DSRR by 1 January 1992. DSRR has priority and is protected in the designated frequency bands. 3. The Commission will report to the Council by the end of 1995 on the implementation of the Directive.
(4) Opinion of the European Parliament	First reading: Parliament approved the Commission's proposal without amendments.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 12 June 1991. First reading: On 11 March 1992 Parliament approved the Commission proposal without amendment. The proposal is currently before the Council for a common position.
(6) References	Commission proposal COM(91) 215 final — Official Journal C 189, 20.7.1991 European Parliament opinion First reading — Official Journal C 94, 13.4.1992 Economic and Social Committee opinion — Official Journal C 40, 17.2.1992

5. NEW TECHNOLOGIES AND SERVICES

5.35. Radio frequencies: cooperation on radio frequencies

(1) Objective	To strengthen coordination in Europe on radio frequencies.
(2) Community measures	Council Resolution of 28 June 1990 on the strengthening of Europe-wide cooperation on radio frequencies, in particular with regard to services with a pan-European dimension.
(3) Contents	1. The resolution is intended to strengthen European cooperation in the field of radio frequency coordination with the objective of providing for a sufficient frequency spectrum for new services, according to the needs of the European market and taking account of the requirements of existing services and of different categories of users. The aim is to promote the most efficient use of the frequency spectrum. 2. In the framework of international coordination of frequencies, it also calls for the development of common positions in relation to the use of the frequency spectrum, in particular within the International Telecommunications Union (ITU) and its World and Regional Administrative Radio Conferences (WARC and RARC). 3. It also encourages cooperation between frequency experts from national authorities and others in the framework of the European Conference of Postal and Telecommunications Administrations (CEPT). 4. The Commission, Member States and the CEPT are invited to support the new coordination structure set up by the CEPT (including the setting up of the European Radiocommunications Office), by making available the resources necessary to ensure its efficiency.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal C 166, 7.7.1990
(7) Follow-up work	On 19 November 1992, the Council adopted a resolution on the implementation in the Community of the decisions of the European Radiocommunications Office (ERO) (summary 5.36).
(8) Commission implementing measures	

5. NEW TECHNOLOGIES AND SERVICES

5.36. Radio frequencies: European Radiocommunications Committee

(1) Objective	To confirm the role of the European Radiocommunications Committee (ERC) in assigning the frequencies needed for new radio-communications services at European level.
(2) Community measures	Council Resolution of 19 November 1992 on the implementation, within the Community, of ERC decisions.
(3) Contents	1. This Resolution forms part of the extension of the Council Resolution of 28 June 1990 on the bolstering of European cooperation on radio frequencies, the main political aim of which was to develop coordination within the structures set up by the European Conference of Postal and Telecommunications Administrations (ECPT) (summary 5.35). 2. Among these structures the European Radiocommunications Committee (ERC), consisting of representatives of the national radio communications inspectorates from all the member countries of the ECPT, adopts decisions on harmonization in the radio communications field. For this purpose this Committee provides for broad prior consultation of the telecommunications bodies and other suppliers of services, industry and users, and close cooperation with the European Telecommunications Standards Institute (ETSI) and the Commission. The latter is involved in the Committee's activities in an advisory capacity. 3. The ERC has, in particular, adopted decisions on the assignment of frequency bands for the introduction in Europe of the terrestrial flight telecommunications system (TFTS) and road transport telematic systems (RTTS). 4. The Council has therefore decided that the Member States shall actively participate in drawing up the ERC's decisions, account being taken of Community law, and shall commit themselves to implementing the ERC decisions concerning the TFTS and RTT systems. 5. The Council invites the Commission to give thought to the ERC's decision-making machinery as the main method of assigning frequencies at European level.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal C 318, 4.12.1992

(7) Follow-up work

As the Community has adopted a new approach to radio frequencies, namely to take action within the framework of the ERC, the two proposals for Directives submitted by the Commission on the assignment of frequency bands for the introduction in Europe of the terrestrial flight telecommunications system (TFTS) and road transport telematic systems (RTT) have been withdrawn.

(8) Commission implementing measures

5. NEW TECHNOLOGIES AND SERVICES

5.37. Radio frequencies: implementation by the Member States of measures concerning radio frequencies

(1) Objective

To lay down the rules for the Community's new approach in the field of radio frequencies.

(2) Proposal

Proposal for a Council Decision on the implementation by the Members States of measures concerning radio frequencies.

(3) Contents

1. This proposal for a Decision lays down the rules contained in the new approach to coordination of radio frequencies in the Community. This approach is based on the idea that in the case of radio frequencies the adoption of Community legislation is not dictated by Community interests, insofar as the action taken by the competent international organizations meets the needs of the Community and its Members States.
2. However, the Commission may take initiatives to secure the involvement of the Community, commensurate with its powers and responsibilities, in the international organizations dealing with radio communications. The Members States are called on to support the Commission whenever it takes such initiatives.
3. Every year the Council adopts a work programme containing guidelines on the positions to be adopted by the Member States within the framework of the international organizations responsible for radio frequency allocation (the European Radiocommunications Committee and the European Radiocommunications Office).
4. Measures adopted within these organizations and corresponding to the guidelines in the Council's work programme must be implemented by the Member States by a specified deadline. The procedure for implementing these measures ise decided by the Commission, assisted by the Community Telecommunications Committee. Subsequently, the Member States notify the Commission of the measures which they have adopted at national level. The Commission then publishes these measures in the *Official Journal of the European Communities.*
5. The Commission may call on the European Radiocommunications Committee and the European Radiocommunications Office to undertake certain technical tasks (for example, Community identification for the development of pan-European services and the free movement of telecommunications terminal equipment).
6. By 31 December 1994 at the latest the Commission must submit a report on application of this Decision to the European Parliament and to the Council.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status of the proposal

Consultation procedure

The Commission presented the proposal on 10 September 1993.

The proposal is currently before Parliament and Economic and Social Committee for their opinions.

(6) References

Commission proposal
COM(93) 382 final — Official Journal C 266, 1.10.1993

5. NEW TECHNOLOGIES AND SERVICES

5.38. Licences for telecommunications services

(1) Objective

To establish a balanced and effective procedure for the mutual recognition of licences and other authorizations for the provision of telecommunications services issued by Member States.

(2) Proposal

Proposal for a Council Directive on the mutual recognition of licences and other national authorizations to operate telecommunications services, including the establishment of a single Community telecommunications licence and the setting-up of a Community Telecommunications Committee (CTC).

(3) Contents

1. Scope and definitions
The purpose of the Directive is to establish a single market in telecommunications services. It will apply to all national authorizations relating to the provision of telecommunications services on public telecommunications networks, except to those for the provision of mobile radio services and satellite services. The Directive defines the terms 'national regulatory authority', 'national authorization' and 'single Community telecommunications licence', and for the remainder refers to the definitions given in Directive 90/387/EEC (summary 5.12).
2. Mutual recognition of national authorizations
Member States shall ensure that any national authorization to provide a telecommunications service under its national law may be granted recognition in the form of a single Community telecommunications licence.
3. Mutual recognition by individual application
The national regulatory authority must forward applications for recognition of a national authorization to the Commission within one month of receiving them. After that period, or in the event of acceptance by the national authority, the applicant may submit his application for recognition direct to the Commission. The Directive specifies the information which these applications must contain. The national regulatory authorities have an opportunity to raise an objection. In the absence of a valid objection, recognition is granted and notified by the Commission to the national regulatory authorities and to the applicants without delay. Objections must be based on the grounds specified in the Directive. A conciliation procedure is established. The single licence may include supplementary conditions specific to some Member States.
4. Recognition by service category
The Commission may, where appropriate, request the European Committee for Telecommunications Regulatory Affairs (ECTRA) to determine harmonized licensing conditions for certain telecommunications services. There is a special procedure for granting recognition by service category.
5. Procedural provisions
Member States may allow their national regulatory authority to impose a reasonable fee to cover the administrative costs incurred. The Directive also lays down the procedure for the withdrawal or amendment of licences.

	6. Community Telecommunications Committee (CTC) The Commission shall be assisted by the CTC, made up of representatives of the national regulatory authorities of the Member States and chaired by a representative of the Commission. 7. At least once a year, a list of the single Community telecommunications licences granted and a list of the national regulatory authorities shall be published by the Commission in the *Official Journal of the European Communities*.
(4) Opinion of the European Parliament	Not yet delivered.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 15 July 1992. The Commission presented an amended proposal on 22 March 1994. The amended proposal has been sent to the European Parliament for its opinion.
(6) References	Commission proposal COM(92) 254 final — Official Journal C 248, 25.9.1992 Amended proposal COM(94) 41 final — Official Journal C 108, 16.4.1994 Economic and Social Committee opinion — Official Journal C 108, 19.4.1993

5. NEW TECHNOLOGIES AND SERVICES

5.39. Licences for satellite network services and/or satellite communications services

(1) Objective

To establish a single market in satellite services.

(2) Proposal

Proposal for a European Parliament and Council Directive on a policy for the mutual recognition of licences and other national authorizations for the provision of satellite network services and/or satellite communications services.

(3) Contents

1. This Directive applies to all national authorizations relating to the provision of satellite communications services and/or satellite network services.
2. All undertakings granted a national authorization recognized under the procedures set out in this Directive are immediately allowed to provide the satellite network and/or satellite communications services specified in their authorization throughout the Community (only the restrictions explicitly provided for in the Directive may be imposed). However, the undertakings must comply with the legislation of the country in which they provide the service on all matters not specifically related to telecommunications and satellite services.
3. Mutual recognition of national authorizations may be achieved either by harmonization of the authorization conditions (the Directive describes the procedures to be followed in this case and an annex to the Directive lists the priorities) or without prior harmonization, in which case the Commission, assisted by the Community Telecommunications Committee (an advisory committee set up by this Directive), decides the categories of satellite services for which there is no need to harmonize the authorization conditions.
4. A list of the mutually recognized categories of service is published in the *Official Journal of the European Communities* by the Commission, which updates it as necessary.
5. The Directive provides for a transitional one-stop shopping procedure for satellite services for which the authorization conditions have not yet been harmonized but the Commission has not yet decided that no harmonization is necessary. This procedure makes it possible to submit applications for a licence at a single location and will in due course imply standard forms and other harmonized procedures.
6. Frequency and site coordination procedures: either the coordination arrangements are made directly by the applicant or they are requested in the application for authorization, in which case the national regulatory authorities initiate the necessary frequency and site coordination procedures in accordance with the national laws in force and their international obligations. This could require changes to the licence.
7. In the case of applications concerning satellite network services, the national authorization imposes the restriction that only the parts of the satellite network for which frequency coordination and site clearance procedures have been completed may be operated. Further frequency and site coordination arrangements may be made during the period for which the licence is valid to comply with the national laws applicable and the relevant international obligations.

8. The European Radiocommunications Committee (ERC) may, at the request of the Commission, define harmonized frequency bands for satellite network services and satellite earth station networks in order to identify the frequency coordination provided for.

9. Numbering: a request for allocation and registration of names, numbers or addresses may be included in the application for the mutual recognition of licences.

10. Access to the space segment: to ensure proper interworking of the satellite networks and satellite systems concerned, applications concerning satellite network services must contain evidence that the space segment capacity needed can be provided and that appropriate technical arrangements have been made with the satellite system operator. Any access to the space segment recognized in a Member State or arranged directly with the satellite operator must be recognized by all the Member States.

11. Monitoring, appeal and conciliation procedures. If a national regulatory authority considers that a licensee no longer complies with the conditions set out in this Directive it may take appropriate measures to ensure compliance with these conditions. The parties concerned may request the Commission to initiate the conciliation procedure. The conciliation procedure may also be initiated if no authorization is granted in conformity with this Directive.

12. Until negotiations with third countries ensuring comparable and effective access to their markets have been completed, the advantages accorded by this Directive shall apply only to undertakings which have their principal place of business and registered office in a Member State and are not more than 25% owned by third countries and/or nationals of third countries. The Commission will submit an annual report to the Commission on progress made in the negotiations with third countries on this subject.

13. If a satellite service requires an interconnection agreement between the holder of the recognized national authorization and another telecommunications organization, the national regulatory authorities must have the right to intervene in order to ensure that the agreements are entered into and implemented efficiently, in good time and in accordance with Community law. The same authorities also have the power to request temporary interruption of all or some of the transmissions of satellite earth station networks in the case of contingencies jeopardizing proper functioning of other telecommunications networks, including satellite earth station networks and satellite systems.

14. The national regulatory authorities may charge a reasonable fee to cover their costs.

15. All persons concerned with this Directive (officials, other staff and experts) are covered by the obligation of professional secrecy.

16. Simplified conditions and separate procedures may be adopted for special satellite services (for example, emergency and experimental services).

17. Notification requirements are laid down.

18. Review procedures. The Commission will review whether any changes need to be made to the Directive, on the basis of a report to be submitted to the Council and the European Parliament by 1 January 1996.

(4) Opinion of the European Parliament	First reading: Parliament approved the Commission's proposal subject to certain amendments to clarify some of the definitions and reinforce Parliament's role, particularly in the consultation procedure.
(5) Current status of the proposal	Co-decision procedure The Commission presented the proposal on 4 January 1994. First reading: On 19 April 1994 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. An amended proposal incorporating the amendments proposed by Parliament and accepted by the Commission is awaited.
(6) References	Commission proposal COM(93) 652 final — Official Journal C 36, 4.2.1994 European Parliament opinion First reading — Not yet published Economic and Social Committee opinion — Not yet published

6. CAPITAL MOVEMENTS

Current position and outlook

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

The liberalization of capital movements began in 1960 with the adoption of the First Directive, which provided for unconditional liberalization of direct investment, the acquisition of real estate, personal transactions, commercial credit and portfolio investment in listed securities. A Second Directive, adopted in 1962, provided for full liberalization of transactions in listed securities.

Adoption of the Single European Act marked a decisive stage in the speeding-up of the process of liberalizing capital movements but also constituted a solid basis for the adoption of Council Directive 86/566/EEC, which extended the liberalization requirement introduced by the 1960 and 1962 Directives to all medium- and long-term transactions, and in particular of Council Directive 88/361/EEC on capital movements.

Council Directive 88/361/EEC (summary 6.1) introduced complete, unconditional liberalization of capital movements in the Community. Its entry into force on 1 July 1990 was a decisive step towards the creation of an effective and stable financial system in the Community.

Greece, Portugal, Spain and Ireland benefited from transitional arrangements for short-term transactions until 31 December 1992. Greece and Portugal were allowed to extend those arrangements for a maximum period of three years. Only Greece requested such an extension. Council Directive 92/122/EEC authorized Greece to maintain those arrangements until 30 June 1994 while reducing the scope of the restrictions. This deadline was brought forward to 16 May 1994 at the decision of the Greek Government.

The liberalization of capital movements corresponds to the implementation of the first stage of monetary union. Overall, the Directive was applied satisfactorily in the Member States; the abolition of restrictions has led to an increase in cross-border capital movements in recent years, including in those Member States which have only recently relaxed or abolished their controls.

However, obstacles remained owing to the measures or practices that favour national financial instruments or institutions, particularly through tax measures or prudential rules.

The Commission has instituted infringement proceedings whenever procedures for checking and controlling cross-border transfers of capital have been found to be contrary to the Directive.

The Treaty on European Union, which came into force on 1 November 1993, introduced new rules on capital movements from 1 January 1994. Directive 88/361/EEC ceased to apply and Articles 73b to g of the EC Treaty, as inserted by the new Treaty, are directly applicable.

In the separate sector of pension funds, Community objectives are aimed at permitting freedom of management of fund assets and at abolishing certain restrictions on the freedom to invest. With work being stalled within the Council, the Commission is envisaging withdrawing its current proposal. It will then see to it that the Treaty provisions

concerning free movement of capital are complied with, including in any event the right to manage pension fund assets without restrictions. The Commission has also indicated that a recommendation may have to be addressed to the Member States with a view to the harmonization of certain standards in this field.

6. CAPITAL MOVEMENTS

6.1. Complete liberalization of capital movements

(1) Objective

To establish the principle of the free movement of capital and payments between Member States and between Member States and third countries.

(2) Community measures

Council Directive 88/361/EEC of 24 June 1988 for the implementation of Article 67 of the Treaty.

Council Directive 92/122/EEC of 21 December 1992 authorizing Greece to defer the liberation of certain capital movements in accordance with Article 6(2) of Council Directive 88/361/EEC.

(3) Contents

The rules on capital movements laid down by Directive 88/361/EEC were replaced from 1 January 1994 (following the entry into force of the Maastricht Treaty) by new rules contained in the EC Treaty itself (Articles 73a to 73g).
The principle of the complete freedom of capital movements and payments is henceforth enshrined in the Treaty.

Directive 88/361/EEC
1. Obligation on Member States to abolish restrictions on the movement of capital between persons resident in Member States.
2. Obligation on Member States to ensure that capital transfers be made at the same exchange rates as those applying to current transactions.
3. Obligations on Member States to notify the Commission and certain other relevant bodies of measures to regulate bank liquidity. These must be limited to what is necessary for domestic monetary regulation.
4. Procedures under which Member States may take protective measures restricting certain capital movements. These are permitted only when foreign exchange markets are exposed to short-term capital movements of exceptional magnitude, leading to serious disturbances in a Member State's monetary and exchange-rate policies. These protective measures may apply for not more than six months. These provisions will be reconsidered following a report from the Commission to the Council before 31 December 1992.
5. Member States must endeavour to apply the same degree of liberalization to operations concerning the movement of capital to and from third countries as occurs between themselves. This provision does not prejudice the application to third countries of domestic or Community rules concerning operations involving establishment, provision of financial services and admission of securities to capital markets. In the case of serious disturbances affecting the monetary or financial situation and arising from short-term capital movements to or from third countries, Member States are required to consult one another.
6. Deferred implementation of the Directive in the case of Greece, Ireland, Portugal and Spain.
7. Authorization for Belgium and Luxembourg to continue to operate their two-tier exchange market until 31 December 1992, subject to specified conditions.

8. Annex to the Directive containing a new classification of capital movements.
9. The Directive replaced the first Directive of 11 May 1960 and all subsequent amending Directives (Council Directive 86/566/EEC published in Official Journal L 332, 26.11.1986 and Council Directive 85/583/EEC published in Official Journal L 372, 31.12.1985).

Directive 92/122/EEC
This Directive grants Greece's request that it be allowed to temporarily maintain certain restrictions on capital movements.

(4) Deadline for implementation of the legislation in the Member States

— Directive 88/361/EEC: 1.7.1990.
Exemptions for Portugal, Spain, Greece and Ireland regarding certain provisions specified in the annexes
— Directive 92/122/EEC: 30.6.1994 regarding certain provisions specified in the annexes
16.05.94 for the abolition of all the restrictions authorized by Directive 92/122/EEC

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 178, 8.7.1988
Official Journal L 409, 31.12.1992

(7) Follow-up work

On 8 February 1989 the Commission presented to the Council a communication on the tax measures to be adopted by the Community in connection with the liberalization of capital movements (COM(89) 60 final, published in Official Journal C 141, 7.6.1989).

(8) Commission implementing measures

On 24 November 1992 the Commission transmitted a report to the Council on the monetary protection measures referred to in Article 3 of Directive 88/361/EEC.
In view of the fact that the Treaty on European Union, once ratified, will rule out the possibility of taking such measures from 1 January 1994, the Commission did not consider it worthwhile amending this provision for the period during which it will remain in force.

6. CAPITAL MOVEMENTS

6.2. Funds held by institutions for retirement provision

(1) Objective

To facilitate exercise of certain freedoms by institutions for retirement provision in respect of the investment of their assets and the choice of investment manager.

(2) Proposal

Proposal for a Council Directive relating to the freedom of management and investment of funds held by institutions for retirement provision.

(3) Contents

1. Definitions of the terms 'institution for retirement provision', 'retirement benefits' and 'sponsoring undertaking'.
2. This proposal for a Directive covers financial institutions for retirement provision and aims to establish certain freedoms regarding the management and investment of their assets. It does not apply to the financial institutions covered by other Directives in related fields, such as banks, insurance companies and undertakings for collective investment in transferable securities (summaries 1.5, 2.9, 2.11 and 3.7).
3. Institutions for retirement provision would be free to choose an investment manager for their assets who is established and duly authorized in another Member State. This principle also applies to the custodian holding the assets of an institution for retirement provision.
4. The proposal seeks to lay down the following prudential principles:
— assets to be invested in a manner appropriate to the nature and duration of the corresponding liabilities;
— diversification of assets;
— investment in the sponsoring undertaking or undertakings to be restricted.
5. Institutions for retirement provision would not be required to invest in particular categories of assets or to localize their assets in a particular Member State.
6. Institutions for retirement provision would not be required to hold more than 80% of their assets in matching currencies, i.e. they could hold more than 20% of their assets in a currency other than the one in which the liabilities were denominated. Where liabilities were not fixed in monetary terms (they may, for example, be linked to future wage levels), this percentage would be reduced to 60%.
7. Member States would be free to lay down more detailed rules provided that they are consistent with the principles laid down.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. These amendments are designed in particular to ensure that members, beneficiaries or plan participants are represented on the management bodies of institutions for retirement provision and to reinforce generally the arrangements for the supervision of the management of such institutions.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 12 November 1991.

First reading: On 18 November 1992 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 26 May 1993.

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

(6) References

Commission proposal	
COM(91) 301 final	Official Journal C 312, 3.12.1991
Amended proposal	
COM(93) 237 final	Official Journal C 171, 22.6.1993
European Parliament opinion	
First reading	Official Journal C 337, 21.12.1992
Economic and Social Committee opinion	Official Journal C 169, 6.7.1992

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

Current position and outlook

Free movement of labour is one of the fundamental principles of the Treaty of Rome.

In 1968 the Community adopted the first measures to ensure the free movement of labour (summaries 7.1 to 7.5). These measures established the principle of equal treatment of national workers and those from other Member States in respect of access to employment, working conditions, access to vocational training, living conditions and trade union rights, and as this principle meant nothing unless Community nationals and their families had the right of residence, the necessary measures were also taken to grant them this right. However, it was not until the three Directives extending the right of residence to students, retired persons and non-active persons were adopted (summaries 7.6 to 7.8) that it was no longer directly linked to the exercising of an economic activity.

The free movement of labour within the EC requires each Member State to recognise the qualifications acquired by a person in his or her country of origin. It was in response to this requirement that a central system on the equivalence of vocational training qualifications between the Member States was set up. Some 200 professions covering nearly 500 economic activities are now listed. This was followed by the recognition of diplomas on the basis of the sectoral harmonization of training, as in the case of pharmacists (summaries 7.14 and 7.15) and doctors (summary 7.16), and in 1985 the Commission developed a new approach based on the principle of recognition by Member States of the equivalence of diplomas showing that the holder has completed training of at least three years' duration. Since 1991 two further Directives have been adopted to reinforce this principle, covering diplomas for long-duration higher education and short-duration higher education respectively (summaries 7.9 and 7.10). In accordance with these Directives, a member of a liberal profession may as a general rule exercise that profession in another Member State — either providing services or setting up a business in that Member State — on the basis of the diploma awarded in his or her country of origin and at least three years' professional experience in that country. The Commission also intends to introduce recognition of a third type of qualification, State approvals, so as to make it easier for experienced professional persons to work in another country. This idea is developed in its proposal for a Directive on the establishment of lawyers under the professional qualification of their country of origin.

Similarly, to improve the transparency of the Community job market and remove practical barriers to the free movement of workers, the Commission and public employment services are in the process of developing, together with the Euro-advisers, the EURES network (summary 7.3), which will replace the SEDOC system and enable interested parties to obtain information in the Member States, if possible at regional level, on Community job supply and demand, together with information on the specific features of the job markets in other Member States.

The Community has launched several programmes to encourage mobility among young people, workers, students, teachers and scientists, including the Erasmus, Tempus, FORCE, PETRA, Lingua and Eurydice programmes. Among the many vocational training action programmes introduced at Community level, the Comett I and Comett II programmes foster technology training with a view to forging closer links between universities and industry (summaries 7.12 and 7.13). In order to reinforce and consolidate Community measures in the field of education and training, the Commission has put forward a proposal for a Decision in 1994 aimed at simplifying and rationalizing Community action by introducing a single action programme, to be known as 'Leonardo da Vinci', for the implementation of a European Community vocational training policy.

The Treaty on European Union introduces the concept of citizenship of the Union, which supplements national citizenship rather than replacing it. It confirms, first and foremost, the basic rights associated with this citizenship: freedom of movement and freedom of residence in the territory of the Member States. However, prior to November 1993 there remained one area where equal treatment with nationals had not yet been achieved, namely the exercising of political rights in European and municipal elections in the Member State of residence. When the Treaty came into force, this shortcoming was remedied. The Council began by adopting, in December 1993, Directive 93/109/EC on the right to vote and stand as a candidate in elections to the European Parliament for citizens of the Union residing in a Member State of which they are not nationals (summary 7.18). The date for transposal and application of this Directive was 1 February 1994, the aim being to enable the five million Community nationals concerned to benefit from these rights in time for the European Parliament elections of June 1994. In February 1994, the Commission presented a proposal for a Directive concerning the right of Community nationals resident in a Member State other than their country of origin to vote and to stand as candidates in municipal elections (summary 7.19).

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.1. Free movement of workers

(1) Objective

To ensure the mobility of the labour force in the Community — which means the elimination of any discrimination based on nationality as regards employment, remuneration and other working conditions, access to accommodation and the worker's right to be joined by his family.

(2) Community measures

Council Regulation (EEC) No 1612/68 of 15 October 1968 on the free movement of workers within the Community.

(3) Contents

1. Any national of a Member State is entitled to take up and engage in gainful employment on the territory of another Member State in conformity with the relevant regulations applicable to national workers. He is entitled to the same priority as the nationals of that Member State as regards access to available employment. He receives the same assistance as that given by job centres there to their own nationals seeking employment. His recruitment may not be dependent on medical, occupational or other criteria which discriminate on the grounds of nationality.
2. A worker who is a national of a Member State may not be treated differently from national workers on the territory of other Member States because of his nationality as regards working and employment conditions (dismissal and remuneration in particular).
3. Like a national worker, he is entitled to:
— the same social and tax benefits;
— training at vocational schools and redeployment and retraining centres on the same terms as national workers;
— equal treatment as regards the exercise of trade union rights. He may be excluded from the management of bodies under public law and from the exercise of an office under public law;
— all rights and benefits as regards accommodation.
4. The family members (spouse, descendants under the age of 21 or over 21 but dependants, and dependent relatives in the ascending line) of a worker employed on the territory of another Member State are entitled to establish themselves there with him, whatever their nationality. Member States are required to promote the admission of any other member of the worker's family who is dependent on him or lives with him in the country of origin. The worker's spouse and his children under the age of 21 or dependent on him are entitled to take up gainful employment in the host State, even though they are not nationals of a Member State. His children have access to general education, apprenticeships and vocational training on the same terms as nationals of the host State.
5. Any study on employment and unemployment related to the free movement of workers is undertaken in cooperation with the specialized departments appointed by the Member States and with the Commission.
6. The specialized department of each Member State forwards to the departments of the other Member States and the European Coordination Office information on living and working conditions and

	the state of its labour market. They ensure that such information is given extensive publicity. 7. The specialized department of each Member State regularly sends the following to the departments of the other Member States and the European Coordination Office: — job offers suitable for nationals of other Member States; — job offers aimed at non-Member States; — job requests from persons who have formally expressed a wish to work in another Member State; — information, broken down by region and sector of activity, on job seekers who have expressed a willingness to take a job in another country. The specialized departments also exchange information on living and working conditions and job market situations which is likely to be useful to workers in other Member States. 8. The Regulation applies to workers in occupations related to the coal, steel and nuclear industries where their legal situation is not covered by the ECSC or EAEC Treaties. 9. The Commission, in close contact with the authorities of the Member States, adopts the necessary implementing measures. 10. The Commission will submit to the Council proposals designed to eliminate restrictions on access to employment where the absence of mutual recognition of diplomas, certificates or other national qualifications may impede the freedom of movement of workers.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 257, 19.10.1968
(7) Follow-up work	
(8) Commission implementing measures	Decision 93/569/EEC — Official Journal L 274, 6.11.1993 Commission Decision of 22 October 1993 on the implementing of Council Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community as regards, in particular, a network entitled EURES (European Employment Services). This Decision established EURES as a European network linking the employment services, the Commission and other partners — replacing the former SEDOC system. EURES, and in particular its Euro-advisers, are responsible for informing, counselling and guiding potentially mobile workers or firms willing to recruit at European level. The Decision describes the structure and operation of the network.

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.2. Free movement of workers: adaptation

(1) Objective

To adapt the provisions of the Regulation to the new socio-economic context and incorporate the principles laid down by the Court of Justice in this field.

(2) Proposal

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1612/68 on the free movement of workers within the Community.

(3) Contents

1. A national of a Member State seeking employment in another Member State is entitled to the mobility and recruitment subsidies available to nationals of that Member State who move in order to take up gainful employment.
2. The worker is eligible for further occupational training and retraining.
3. A Member State whose laws, regulations and administrative provisions attribute legal effect or make social or tax benefits subject to the occurrence of certain facts or events must, where necessary, treat such facts and events occurring in any other Member State as though they have occurred on its national territory.
4. A worker who is a national of a Member State under contract in another Member State where he normally exercises his activity will continue to enjoy, as regards that Member State, the rights conferred upon him by the provisions of Title II when he temporarily performs his contractual obligations on behalf of that undertaking either on the territory of another Member State or outside the Community.
5. The following are entitled to take up residence with a worker who is a national of a Member State but employed in another Member State, even though they are not nationals of a Member State:
— the spouse, or any person treated as such in the host country, and their descendants;
— relatives in the ascending line of that worker or the spouse or of any person treated as such in the host country;
— any other member of the family who is a dependant or who lives with the worker in the country of origin, the spouse or any other person treated as such in the host country.
6. Those members of the family of a worker who are not nationals of a Member State are entitled to take up any kind of gainful employment throughout the territory of the host Member State in line with the provisions governing the employment of nationals of that State. The death of the worker on whom the members of the family are dependent or the dissolution of the marriage does not affect that right.
7. They enjoy the same social benefits as nationals of the host State; they also have access to general education, apprenticeships and vocational training, university or non-university education on the same terms as nationals.
8. The Member States must take the necessary measures to guarantee effectively the application by each natural or legal person of the principle of equal treatment in the areas covered by the Regulation and to prevent any infringement of that principle.

(4) Opinion of the European Parliament	First reading: Parliament has approved the Commission's proposal subject to several amendments relating to issues such as clarification of the principle of equal treatment for nationals and citizens of other Member States and extension of the list of family members entitled to join workers and benefit from Community law.
(5) Current status of the proposal	Cooperation procedure The Commission presented the proposal on 21 December 1988. First reading: On 14 February 1990 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments. The Commission presented an amended proposal on 11 April 1990. The amended proposal is currently before the Council for the adoption of a common position.
(6) References	Commission proposal COM(88) 815 final — Official Journal C 100, 21.4.1989 Amended proposal COM(90) 108 final — Official Journal C 119, 15.5.1990 Official Journal C 177, 18.7.1990 European Parliament opinion First reading — Official Journal C 68, 19.3.1990 Economic and Social Committee opinion — Official Journal C 159, 26.6.1989

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.3. Free movement of workers: SEDOC/EURES: the new European employment information network

(1) Objective	To encourage employment services in the Member States to disseminate their vacancies and applications for employment as part of the free movement of workers within the Community (see also the chapter on the 'free movement of workers' in the section devoted to 'the social dimension of the internal market').	
(2) Community measures	Council Regulation (EEC) No 2434/92 of 27 July 1992 amending Part II of Regulation (EEC) No 1612/68 on the free movement of workers within the Community.	
(3) Contents	1. The Regulation sets out to remove the restrictions applying to the selection of vacancies dealt with at national level so as to encourage job centres to draw attention to all vacancies likely to interest Community workers. 2. Under this Regulation, jobseekers will have the opportunity to declare their wish for mobility and apply for jobs in other Member States, and to obtain an appropriate reply to their requests. 3. The Regulation simplifies the procedure for clearing vacancies and applications for employment.	
(4) Deadline for implementation of the legislation in the Member States	Not required.	
(5) Date of entry into force (if different from the above)	27.8.1992	
(6) References		Official Journal L 245, 26.8.1992
	Amended opinion	Official Journal L 197, 6.8.1993
(7) Follow-up work		
(8) Commission implementing measures		

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.4. Movement and residence of workers and their families

(1) Objective

To adopt measures for the removal of restrictions still existing on movement and residence within the Community which conform with the rights and privileges accorded by Community law to nationals of any Member State who move in order to pursue activities as employed persons and to their families.

(2) Community measures

Council Directive 68/360/EEC of 15 October 1968 on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families.

(3) Contents

1. The right of workers who are nationals of a Member State and of their families to leave their country of origin to work as employed persons in another Member State is exercised simply on production of a passport or identity card. Member States may not require an exit visa or equivalent document.
2. Member States are to admit such persons to their territory simply on production of a valid identity card or passport. No entry visa or equivalent document may be demanded, except from members of the family who are not nationals of a Member State; Member States are required to grant them every facility for obtaining any necessary visas.
3. Member States are to grant the persons referred to in point (1) the right of residence on their territory and issue them with a 'residence permit for a national of a Member State of the EEC.' The wording of the statement to be included in the permit is contained in an annex to the Directive. All the documents which must be produced to obtain the residence permit are listed. A member of the family who is not a national of a Member State is to be issued with a residence document having the same validity as that issued to the worker on whom he is dependent. Completion of the formalities for obtaining a residence permit must not impede the immediate implementation of contracts of employment.
4. The terms of validity of the residence permit are spelled out. It must be valid throughout the territory of the host State and have a duration of no fewer than five years. Where a worker is employed for a period exceeding three months but not exceeding one year, the host State must issue him with a temporary residence permit whose validity may be limited to the expected duration of the employment.
5. A valid residence permit may not be withdrawn solely on the grounds that the worker is no longer in employment — either because he is temporarily incapable of work (sickness or an accident) or because he is involuntarily unemployed.
6. Member States are to acknowledge the right of residence on their territory, without issuing a residence permit, to a person working as an employee for a fixed duration not exceeding three months, to a crossfrontier worker and to a seasonal worker on specified terms. The authorities of the host State may require such workers to report their presence on their territory.
7. The cost of residence documents may not exceed what is charged for the issue of identity cards to nationals. Visas issued to members of the family who are not nationals of a Member State are free of charge.

Member States are to make as simple as possible the formalities and procedures for obtaining such documents.
8. Member States may not derogate from the Directive except on grounds of public order, public security or public health.
9. The Directive applies to workers in the coal, steel and nuclear industries and to members of their families, where their situation is not regulated by the ECSC and EAEC Treaties.
10. Member States are to inform the Commission of changes made to simplify the formalities for issuing such documents as are still required for exit, entry and residence.

(4) Deadline for implementation of the legislation in the Member States

Nine months from the date of notification.

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 257, 19.10.1968.

(7) Follow-up work

(8) Commission implementing measures

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.5. Movement and residence of workers and their families: adaptation

(1) Objective

To adapt the provisions of Council Directive 68/360/EEC (summary 7.4) on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families to the proposed amendments to Council Regulation (EEC) No 1612/68 (summary 7.1) on the free movement of workers within the Community.

(2) Proposal

Proposal for a Council Directive amending Directive 68/360/EEC on the abolition of restrictions on movement and residence of workers of Member States and their families within the Community.

(3) Contents

1. The right of residence is to be evidenced by the issue of a document entitled 'European Communities residence card.'
2. The formalities for obtaining the residence card are to be completed as quickly as possible.
3. The residence card must be valid for no fewer than five years from the date of issue; it is to be automatically renewable every 10 years.
4. Absence on military service or for medical reasons, maternity or study or in the event of secondment to perform contractual obligations either in another Member State or outside the Community at an employer's request are not to affect the validity of the residence permit if they do not exceed six consecutive months.
5. The host Member State is required under certain conditions to issue the residence permit to a worker who has held a number of successive temporary jobs.
6. A temporary residence permit is to be automatically renewable until entitlement to unemployment benefits ends.
7. A residence permit which expires during a period of incapacity for work is to be automatically renewed.
8. The residence documents and supporting documents issued to persons covered by the Directive are to be issued and renewed without charge.
9. Presentation of the residence card must not be required when frontiers are crossed.
10. The Commission is to report on the implementation of the Directive two years after it takes effect and every three years thereafter.

(4) Opinion of the European Parliament

First reading: Parliament has approved the Commission's proposal subject to several amendments relating to issues such as clarification of the principle of equal treatment for nationals and citizens of other Member States and extension of the list of family members entitled to join workers and benefit from Community law.

(5) Current status of the proposal

Cooperation procedure

The Commission presented the proposal on 21 December 1988.

First reading: On 14 February 1990 Parliament approved the Commission proposal subject to amendments. The Commission has accepted some of the amendments.

The Commission presented an amended proposal on 11 April 1990.

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

(6) References

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

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.6. Right of residence: students

(1) Objective

To guarantee nationals of the Member States access to vocational training by setting out the framework within which their right of residence is to be exercised.

(2) Community measures

Council Directive 93/96/EEC of 29 October 1993 on the right of residence for students.

(3) Contents

1. Following an appeal by Parliament, the Court of Justice annulled Council Directive 90/366/EEC on 7 July 1992 but maintained its effects until the entry into force of Directive 93/96/EEC.
2. Apart from a number of technical amendments, the Directive reproduces the text of Council Directive 90/366/EEC.
3. Each Member State will take the measures necessary to facilitate exercise of the right of residence by nationals of the other Member States in order to guarantee them access to vocational training.
4. Member States will recognize the right of residence to any student who is a national of a Member State and who does not enjoy this right under other provisions of Community law where the student assures the relevant national authority, by means of a declaration or by such alternative means as the student may choose that are at least equivalent, that he or she has sufficient resources to avoid becoming a burden on the social security system of the host Member State during his or her period of residence. The student must also be enrolled at a recognized establishment for the principal purpose of following a vocational training course there and must be covered by sickness insurance in respect of all risks in the host Member State.
5. The right of residence is extended to the student's spouse and dependent children.
6. The Directive does not establish any entitlement to the payment of maintenance grants by the host Member State to students benefiting from the right of residence.
7. Member States will issue a residence permit the validity of which may be limited to the duration of the course of studies and which will be renewable annually. Where a member of the family does not hold the nationality of a Member State, he or she will be issued with a residence document of the same validity as that issued to the national on whom he or she depends. The spouse and dependent children of a national of a Member State will be entitled to take up an employed or self-employed activity anywhere within the territory of that Member State, even if they are not nationals of a Member State.
8. Member States may not derogate from the provisions of the Directive save on grounds of public policy, public security or public health.
9. Not more than three years following the entry into force of the Directive, and then every three years, the Commission will draw up a report on the implementation of the Directive and present it to the Council and Parliament. The Commission will pay particular attention

	to any difficulties to which implementation of the Article concerning the granting of the right of residence might give rise in Member States. If appropriate, it will submit proposals to the Council with the aim of remedying such difficulties.
(4) Deadline for implementation of the legislation in the Member States	31.12.1993
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 317, 18.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

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

(1) Objective	To remove obstacles to the free movement of persons, to extend the right of residence enjoyed by all employed or self-employed persons to the non-active part of their working life.
(2) Community measures	Council Directive 90/365/EEC of 28 June 1990 on the right of residence for employees and self-employed persons who have ceased their occupational activity.
(3) Contents	1. Member States will grant the right of residence to nationals of Member States who have pursued in the Community an activity as an employee or self-employed person provided that they are the recipients: — of an invalidity or early retirement pension or old-age benefits, or — a pension in respect of an industrial accident or disease and provided they are covered by sickness insurance or have sufficient resources to avoid becoming a burden on the social security system of the host Member State during their period of residence. The right of residence will also be granted to members of their family (spouse, dependent descendants and dependent relatives in the ascending line of the nationals concerned or their spouse). 2. Member States will issue a residence permit the validity of which may be limited to five years on a renewable basis. However, they may, if they deem it to be necessary, require revalidation of the permit at the end of the first two years of residence. Where a member of the family does not hold the nationality of a Member State, he or she will be issued with a residence document of the same validity as that issued to the national on whom he or she depends. For the purposes of issuing the residence permit or document, the Member State may require only that the applicant present a valid identity card or passport and provide proof that he or she meets the conditions laid down. 3. The spouse and the dependent children of a national of a Member State entitled to the right of residence may take up any employed or self-employed activity anywhere within the territory of the Member State, even if they are not nationals of a Member State. 4. Member States may not derogate from the provisions of the Directive save on the grounds of public policy, public security or public health. 5. Not more than three years following the entry into force of the Directive, and then every three years, the Commission will draw up a report on the implementation of this Directive and present it to the Council and the European Parliament.
(4) Deadline for implementation of the legislation in the Member States	30.6.1992
(5) Date of entry into force (if different from the above)	

(6) References	Official Journal L 180, 13.7.1990
(7) Follow-up work	
(8) Commission implementing measures	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.8. Right of residence

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

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

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

(1) Objective

To enable higher-education professional diplomas acquired in a Member State to be recognized in another host Member State which regulates the professional activity in question, without prior harmonization of training courses.

(2) Community measures

Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas, awarded on completion of professional training of at least three years' duration.

(3) Contents

1. Definitions of 'diploma', 'host Member State', 'regulated professional activity', 'professional experience', 'adaptation period' and 'aptitude test'.
2. A Member State which regulates a profession will recognize qualifications acquired in another Member State and permit their holder to pursue his activity or activities on the same conditions as apply to its own nationals.
3. The Directive applies to all professions for which higher-education qualifications are required and which are not the subject of specific directives on recognition. The term 'regulated professions' covers those professions exercised by members of private associations which are recognized in a special form in a Member State (e.g. 'chartered bodies' in the United Kingdom and their counterparts in Ireland).
Diplomas acquired by Community nationals in a third country are also covered by the Directive provided that:
— the education and training to which they attest were received mainly in the Community, or
— the holder possesses proof of three years' professional experience in the Member State recognizing these diplomas.
4. The Directive adopts the following recognition arrangements:
— basic principle: automatic recognition by the host Member State;
— exception: recognition by the host Member State after compensation in the form of:
  — either an adaptation period; or
  — an aptitude test, where the host State provides evidence of substantial differences between the education and training received and that required; or
  — prior professional experience, where the duration of the migrant's education and training is less than that required in the host Member State.

The applicant may choose between the two types of compensation. In the case of the legal professions, this choice is left to the host Member State.
5. To facilitate its application, the Directive sets up under the aegis of the Commission a coordinating group composed of national coordinators.
6. From its entry into force, the Directive imposes an obligation:
— on Member States to communicate to the Commission every two years a report on the application of the Directive;

— on the Commission to report within a period of five years to the European Parliament and the Council on the state of application of the Directive together with its conclusions as to any changes that need to be made.

(4) Deadline for implementation of the legislation in the Member States	4.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 19, 24.1.1989
(7) Follow-up work	See summary 7.10, which concerns diplomas, certificates and other evidence of formal qualifications attesting to education and training other than higher education of at least three years' duration.
(8) Commission implementing measures	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

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

(1) Objective

To extend the system of mutual recognition introduced by Directive 89/48/EEC (summary 7.9) to those professions for which the required level of training is not as high.

(2) Community measures

Council Directive 92/51/EEC of 18 June 1992 on a second general system for the recognition of professional education and training which complements Directive 89/48/EEC.

(3) Contents

1. This Directive is the last in a set of measures giving every Community national the right to have qualifications acquired in one Member State recognized or taken into account by another Member State.
2. Definitions of the concepts 'diploma' within the meaning of this Directive, 'certificate', 'attestation of competence', 'host Member State', 'regulated profession', 'regulated education and training', 'regulated professional activity', 'professional experience', 'adaptation period' and 'aptitude test'.
3. A Member State will recognize qualifications acquired in another Member State and permit their holder to pursue his activity or activities on the same conditions as apply to its own nationals.
4. The Directive applies to those professions which are not the subject of a specific Directive on recognition. Moreover, it extends to employees the scope of certain specific Directives (dealing *inter alia* with the distributive and craft trades) which covered only the self-employed.
5. Broadly speaking, the Directive adopts the following recognition arrangements:

— basic principle: automatic recognition by the host Member State, provided that the same profession is involved and the qualification is a final one (e.g. period of in-service training or professional experience included);
— exception: recognition by the host Member State after compensation (where it establishes that there are substantial differences between the training courses) in the form of:
  (a) either an adaptation period or an aptitude test:
    — where the host country provides evidence of substantial differences between the education and training received and that required;
    — where there are, in the host country, differences in the fields of activity characterized by specific education and training relating to subjects which differ substantially from those covered by the applicant's qualification;

  The host Member State must allow the applicant to choose between an adaptation period and an aptitude test, except in cases involving professions the pursuit of which requires a detailed knowledge of national law, or professions the taking-up

	of which is subject to the possession of a diploma attesting to completion of a 'long' course which the applicant does not have; (b) or prior professional experience where the duration of the migrant's education and training is at least one year less than that required in the host Member State. In no case may the host Member State combine the two requirements. 6. The Directive covers a very wide range of qualifications; it therefore had to be divided into two new levels: — a level corresponding to a short post-secondary course and certain professional training courses with a special structure; — a level corresponding to a secondary course. 7. Consequently, provision had to be made for recognition not only between Member States whose training courses are at the same level but also between Member States whose training courses are not at the same level, including that covered by Directive 89/48/EEC. 8. In addition to a procedure for recognizing education and training received by means of a structured course, the Directive provides for a procedure for recognizing training received by means of professional experience, but only where the host Member State requires possession of a 'certificate' (lowest level). 9. The Directive extends the role of the coordinating group set up by Directive 89/48/EEC and lays down the same obligations for the Member States and the Commission regarding reports on the application of the future Directive.
(4) Deadline for implementation of the legislation in the Member States	18.6.1994
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 209, 24.7.1992
(7) Follow-up work	
(8) Commission implementing measures	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.11. Comparability of qualifications

(1) Objective

To establish comparability of vocational training qualifications throughout the Member States.

(2) Community measures

Council Decision 85/368/EEC of 16 July 1985 on the comparability of vocational training qualifications.

(3) Contents

1. The purpose of the Decision is to enable skilled workers to make better use of their qualifications, in particular to obtain suitable employment in another Member State.
2. The Commission has completed and published in the Official Journal its work on the comparability of vocational training qualifications, in respect of occupations at 'skilled worker' level in the following sectors:
— hotel and catering industry (Horeca):
Official Journal C 166, 3.7.1989;
— motor vehicle repair sector:
Official Journal C 168, 3.7.1989;
— construction/building sector:
Official Journal C 292, 20.11.1989;
— electrical/electronics sector:
Official Journal C 321, 22.12.1989;
— agriculture/horticulture/forestry:
Official Journal C 83, 2.4.1990;
Amended opinion:
Official Journal C 292, 9.11.1992;
— textile/garment industry:
Official Journal C 253, 8.10.1990;
— trade:
Official Journal C 42, 17.2.1992;
— metal:
Official Journal C 196, 28.7.1991;
— textile industry:
Official Journal C 318, 7.12.1991;
— clerical/administration, banking and insurance sector:
Official Journal C 108, 28.4.1992;
Amended opinion
Official Journal C 295, 30.10.1993;
— chemicals:
Official Journal C 262, 12.10.1992;
— tourism:
Official Journal C 320, 7.12.1992;
— transport sector:
Official Journal C 338, 21.12.1992;
— food industry:
Official Journal C 292, 9.11.1992;
— public works:
Official Journal C 20, 25.1.1993;
— graphic arts and media:
Official Journal C 295, 30.10.1993;
— wood:
not yet published;

— iron and steel industry:
Official Journal C 182, 5.7.1993;

— leather:
not yet published.

The Commission has also produced a model information sheet intended mainly to enable migrant workers to explain the nature of their qualifications more clearly. The model is published in Official Journal C 209 of 14 August 1989.

3. On 12 June 1990, the Commission presented its interim report on the implementation of Decision 85/368/EEC on the comparability of vocational training qualifications between the Member States of the European Community (COM(90) 225 final). The report describes the characteristics of the system, the work completed and the difficulties encountered. It also refers to the measures adopted at Community level and those envisaged at national level.

4. Each Member State has appointed a coordinating body responsible for the comparability of qualifications and for overseeing its application.

(4) Deadline for implementation of the legislation in the Member States

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 199, 31.7.1985

(7) Follow-up work

On 26 November 1990 the Council adopted a Resolution which:

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

(8) Commission implementing measures

— Continuation of the work under way with the technical assistance of Cedefop to establish the comparability of qualifications relating to occupations in other sectors.

— Coordination of operations involving information about and utilization of the work already carried out.
— Assessment of the results achieved by the implementation of the system.
— Study of improvements to achieve an up-to-date system.

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7.12. Training in technology: Comett I

(1) Objective	To establish a programme to stimulate cooperation between universities and industry on training in the field of technology.
(2) Community measures	Council Decision 86/365/EEC of 24 July 1986 adopting the programme on cooperation between universities and enterprises regarding training in the field of technology (Comett).
(3) Contents	1. Definition of the terms 'university' and 'enterprise'. 2. Allocation of an EEC appropriation of ECU 45 million to finance the programme for a period extending from 1 January 1986 to 31 December 1989. 3. The programme is implemented by the Commission in accordance with the detailed provisions of the annex to the Decision. In the performance of its task the Commission is assisted by a committee consisting of two representatives of each Member State, who may in turn be assisted by experts or advisers. 4. An annual report on implementation of the Comett programme is submitted by the Commission to Parliament, the Council, the Advisory Committee on Vocational Training and the Education Committee.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	1.1.1986
(6) References	Official Journal L 222, 8.8.1986
(7) Follow-up work	Launching of the Comett II programme on 1 January 1990 (summary 7.13).
(8) Commission implementing measures	On 7 June 1991, the Commission adopted a final report on the results of Comett I.

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7.13. Training in technology: Comett II

(1) Objective	To set up the second phase of the Comett programme to stimulate cooperation between universities and industry on training in the field of technology.
(2) Community measures	Council Decision 89/27/EEC of 16 December 1988 adopting the second phase of the programme on cooperation between universities and enterprises regarding training in the field of technology (Comett II) (1990-94).
(3) Contents	1. Allocation of an EEC appropriation of ECU 200 million to finance the programme for a period extending from 1 January 1990 to 31 December 1994. 2. Before 30 June 1992, the Commission will send to the Council, the Education Committee, Parliament and the Economic and Social Committee an interim progress report on the implementation of Comett II. 3. Before 30 June 1995, the Commission will send to the Council, Parliament and the Economic and Social Committee a final assessment report on the experience acquired and the results of Comett II.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	1.1.1990
(6) References	Official Journal L 13, 17.1.1989
(7) Follow-up work	
(8) Commission implementing measures	

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7.14. Pharmacy: qualifications in pharmacy

(1) Objective	To define the minimum range of activities to which pharmacists must have access in all Member States.
(2) Community measures	Council Directive 85/432/EEC of 16 September 1985 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the field of pharmacy. Council Decision 85/434/EEC of 16 September 1985 setting up an advisory committee on pharmaceutical training.
(3) Contents	1. The Directive applies to holders of a diploma, certificate or other university or equivalent qualification in pharmacy who wish to pursue activities which require such qualifications, e.g. the preparation, testing and distribution of medicines, the provision of information and advice on medicines, etc. The diplomas, certificates and other formal qualifications referred to are listed in Council Directive 85/433/EEC (summary 7.15). 2. Minimum conditions, with regard to training, which Member States are to impose for the award of the diplomas, certificates and other formal qualifications; in particular training which ensures adequate knowledge of medicines, pharmaceutical technology, the metabolism, the effects of medicinal products, etc. 3. The Commission will present to the Council appropriate proposals on specializations in pharmacy. 4. The Pharmaceutical Committee will be available should any Member State encounter major difficulties in applying this Directive.
(4) Deadline for implementation of the legislation in the Member States	1.10.1987
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 253, 24.9.1985
(7) Follow-up work	Preparation of proposals concerning specialized pharmaceutical training to be sent by the Commission to the Council.
(8) Commission implementing measures	

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7.15. Pharmacy: mutual recognition of diplomas in pharmacy

(1) Objective

To facilitate freedom of establishment for pharmacists in the Community.

(2) Community measures

Council Directive 85/433/EEC of 16 September 1985 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy.

Council Directive 85/584/EEC of 20 December 1985 amending, on account of the accession of Spain and Portugal, Directive 85/433/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy.

Council Directive 90/658/EEC of 4 December 1990 amending certain Directives on the mutual recognition of diplomas consequent upon the unification of Germany.

(3) Contents

1. The Directives apply to activities, the access to and pursuit of which are subject to the conditions of professional qualification defined in Council Directive 85/432/EEC (summary 7.14) and which are open to holders of one of the diplomas, certificates or other formal qualifications in pharmacy referred to in the Directive.
2. Each Member State must recognize the diplomas, certificates and other formal qualifications listed in the Directive and awarded by other Member States. They must give to such qualifications the same effect in their territory with regard to access to and the pursuit of the activities in question as the diplomas, certificates and other formal qualifications which they themselves award. Examples of qualifications include:
— Belgium: 'diplôme légal de pharmacien';
— Ireland: Certificate of Registered Pharmaceutical Chemist;
— Spain: 'titulo de licenciado en farmacia'.
Furthermore, when access to or the pursuit of the activity in a Member State requires additional professional experience, that Member State is obliged to accept as sufficient evidence a certificate issued by the competent authorities of the applicant's Member State attesting that he has pursued the said activities for an equivalent period.
3. Derogation allowing Greece to give effect to the diplomas, certificates and other formal qualifications awarded by the other Member States only in cases of pursuit of the activities concerned as an employed person. The other Member States are required to give effect to diplomas, certificates and other formal qualifications awarded in Greece only in cases of pursuit of the activities concerned as an employed person.
4. Directive 90/658/EEC introduces a special arrangement for the recognition of diplomas, certificates and other evidence of formal qualifications awarded by the former German Democratic Republic: German nationals who are pursuing their professional activities in that territory on the basis of training which began before unification and

	does not conform to Community rules on training are to be granted recognition under the same conditions as other nationals of Member States at the time of the adoption of Directive 85/433/EEC, i.e. if they produce a certificate showing that they had at least three consecutive years' professional practice during the five years prior to the date of issue of the certificate. 5. Host Member States must ensure that nationals of Member States who fulfil the conditions laid down have the right to use their lawful academic title in the language of the Member State from which they come. 6. Procedure for the recognition of pharmacists. A host Member State which requires of its nationals proof of good character or good repute or a certificate of physical or mental health when they take up the activities specified must accept as sufficient evidence, in respect of nationals of other Member States, a certificate issued by a competent authority in the Member State from which the foreign national comes.
(4) Deadline for implementation of the legislation in the Member States	— Directive 85/433/EEC: 1.10.1987 — Directive 85/584/EEC: 1.10.1987 — Directive 90/658/EEC: 1.7.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 253, 24.9.1985 Official Journal L 372, 31.12.1985 Official Journal L 353, 17.12.1990
(7) Follow-up work	
(8) Commission implementing measures	

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7.16. Specific training in general medical practice

(1) Objective	To establish conditions which allow mutual recognition in the Member States of diplomas attesting to general medical practitioners.
(2) Community measures	Council Directive 86/457/EEC of 15 September 1986 on specific training in general medical practice.
(3) Contents	1. Definition of what specific training in general medical practice entails. It should include at least two years' specific training, preceded by at least six years' basic training within the framework laid out by Council Directive 75/363/EEC (Official Journal L 167, 30.6.1975), should be practically based, etc. 2. Part-time training is permitted in the Member States, provided certain conditions are met, e.g. part-time courses must not have a weekly duration of less than 60% of the full-time courses. 3. Member States may, subject to conditions laid down in the Directive, issue a diploma, certificate or other evidence of formal qualification attesting to specific training in general medical practice to a medical practitioner who has not completed the specified training but who holds a formal qualification, issued by the competent authorities of a Member State, attesting to completion of another additional training course. 4. From 1 January 1995 each Member State must make the exercise of general medical practice under its national social security scheme conditional on holding formal qualifications attesting to specific training in general medical practice. 5. Member States must recognize formal qualifications issued to nationals of Member States by other Member States in accordance with the provisions of the Directive and must give the possessor of such qualifications the right to use in the host Member State the professional title which exists there.
(4) Deadline for implementation of the legislation in the Member States	1.1.1995
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 267, 19.9.1986
(7) Follow-up work	Presentation, by the Commission to the Council, of a report on the implementation of the Directive and suitable proposals. A consolidated version of Directive 86/457/EEC was adopted by the Council on 5 April 1993. This involves legislative consolidation since the new Directive will replace the various Directives covered by the consolidation exercise. This Directive retains the substance of the consolidated Directives and restricts itself to combining their provisions, making only such formal amendments as are required by the consolidation operation itself.

(8) Commission implementing measures

In accordance with Article 12 of Directive 86/457/EEC, the Commission has published in the *Official Journal of the European Communities* the designations adopted by each Member State for the diplomas, certificates or other evidence of formal qualifications and, where appropriate, the professional titles in question (Official Journal C 268, 24.10.1990).

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7.17. Commercial agents

(1) Objective	To coordinate national laws governing the legal relationship of self-employed commercial agent and principal.
(2) Community measures	Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents.
(3) Contents	1. The harmonization measures laid down apply to laws, regulations and administrative provisions governing relations between self-employed commercial agents and their principals. A commercial agent is a person who has continuing authority to negotiate the sale or purchase of goods on behalf of another person, the principal, or to negotiate and conclude such transactions on behalf and in the name of that principal. 2. Rights and obligations of a commercial agent, e.g. he must communicate to his principal all the necessary information available to him, make proper efforts to negotiate and, where appropriate, conclude the transactions he is instructed to take care of. 3. Remuneration to which a commercial agent is entitled, e.g. a commission on commercial transactions concluded as a result of his action. 4. Conclusion and termination of agency contracts. Each party is entitled to receive from the other a signed written document setting out the terms of the agency contract. Where the contract is for an indefinite period, either party may terminate it by giving the other party notice.
(4) Deadline for implementation of the legislation in the Member States	— 1.1.1990: Others — 1.1.1993: Italy (Article 17) — 1.1.1994: Ireland and the United Kingdom
(5) Date of entry into force (if different from the above)	1.1.1994: for contracts in operation
(6) References	Official Journal L 382, 31.12.1986
(7) Follow-up work	
(8) Commission implementing measures	

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7.18. Elections to the European Parliment: voting rights for citizens of the Union

(1) Objective

To lay down detailed arrangements for the exercise by citizens of the Union residing in a Member State of which they are not nationals of the right to vote and to stand as a candidate in elections to the European Parliament, without harmonizing election rules in the Member States.

(2) Community measures

Council Directive 93/109/EC of 6 December 1993 laying down detailed arrangements for the exercise of the right to vote and stand as a candidate in elections to the European Parliament for citizens of the Union residing in a Member State of which they are not nationals.

(3) Contents

1. The Directive lays down detailed arrangements under which Union citizens residing in a Member State of which they are not nationals may exercise the right to vote and to stand as a candidate in that country.
2. It does not affect the rights of a Member State's own nationals at elections to the European Parliament, whether or not those nationals reside inside the country.
3. The Directive defines the requirements which must be satisfied by a national of another Member State who wishes to vote or to stand as a candidate in his Member State of residence; such a person must:
— be a citizen of the Union;
— be resident in the Member State in which he proposes to vote or to stand as a candidate;
— satisfy the same conditions as a national of that Member State who wishes to vote or to stand as a candidate (the principle of equality between domestic and other Community voters).
4. It is ultimately a matter for each Member State to indicate which persons are its nationals.
5. No one may vote more than once or stand as a candidate in more than one Member State.
6. Free choice of where to vote: a Community voter is to be entered on the electoral roll of his Member State of residence only if he so requests in advance. A voter who opts for the right to vote in his Member State of residence undertakes not to exercise a right to vote in his Member State of origin. In Member States where nationals are required to vote, Community voters who ask to be entered on the electoral roll are subject to the same obligation.
7. Disqualification from standing:
— in principle a candidate must satisfy the requirements of both his Member State of residence and his Member State of origin;
— when he submits his application to stand as a candidate, a Community national must provide proof supplied by his Member State of origin that he is entitled to stand as a candidate there.
8. Disqualification from voting: the Member State of residence may if it so wishes refuse to enter voters who are disqualified from voting in their Member State of origin.

	9. Entry on the electoral roll: — the Directive lists the documents a Community voter must produce when he asks to be entered on the electoral roll, these being essentially the documents required of voters who are nationals of the country; — lists further documents which Member States are entitled to require. 10. The legal remedies available to nationals must also be available to Community citizens who are refused entry on the electoral roll or whose application to stand as a candidate is rejected. 11. A system of exchange of information between Member States is provided for in order to prevent citizens from voting more than once or standing as candidates in more than one Member State. 12. There are derogations and transitional provisions based on length of residence covering the cases of: — any Member State where more than 20% of the potential electorate consists of resident nationals of other Member States; — Member States which have the right to vote for their own national Parliaments to resident nationals of other Member States; — citizens of the Union who already enjoy the right to vote for the European Parliament in their Member State of residence. 13. The Directive is to be reviewed, on the basis of a Commission report, after the June 1994 elections to the European Parliament.
(4) Deadline for implementation of the legislation in the Member States	1.2.1994
(5) Date of entry into force (if different from the above)	30.12.1993
(6) References	Official Journal L 329, 30.12.1993
(7) Follow-up work	
(8) Commission implementing measures	

7. FREE MOVEMENT OF LABOUR AND THE PROFESSIONS

7.19. Municipal elections: exercise by citizens of the European Union of the right to vote and to stand as a candidate

(1) Objective

To provide for the exercise by Union citizens of the right to vote and to stand as a candidate in municipal elections.

(2) Proposal

Proposal for a Council Directive laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by citizens of the Union residing in a Member State of which they are not nationals.

(3) Contents

1. The proposal for a Directive lays down detailed arrangements enabling citizens of the Union who reside in a Member State of which they are not nationals to exercise the right to vote and to stand as a candidate in municipal elections there.
2. It does not affect rules in any Member State governing the right to vote or to stand as a candidate of its own nationals residing abroad or of resident non-Community nationals.
3. 'Municipal elections' means all elections by direct universal suffrage for the authorities governing basic local government units and their subdivisions. This includes elections for local councils as well as elections for the head or members of the local executive in cases where such elections are provided for in the Member State concerned. It does not include elections within municipal bodies or elections, whether direct or indirect, of members of a parliamentary assembly by those holding municipal office.
4. The proposal for a Directive defines the qualifications required in order to be entitled to vote and to stand as a candidate in the Member State of residence:
— one must be a Union citizen (i.e. have the nationality of a Member State);
— one must reside in the Member State in which one proposes to exercise one's rights;
— one must comply with the rules governing the right of nationals of the country of residence to vote and to stand as a candidate (i.e. the principles of equality and non-discrimination between domestic and Community voters and candidates).
5. In case of doubt, it is for Member States to say which persons are to be considered their nationals.
6. There is no prohibition to prevent a person voting or standing as a candidate both in his Member State of residence and in his home Member State. Member States may provide that the holding of an elected municipal office in the Member State of residence is incompatible with the holding of similar offices in other Member States.
7. Freedom of choice as regards place of voting: Union citizens meeting these conditions may vote in municipal elections in their Member State of residence if they have expressed the wish to do so. In places where voting is compulsory, a voter who has been entered on the electoral roll in this way will be obliged to vote.

8. Disqualification:
— where there are different rules on disqualification in the home Member State and the Member State of residence, Member States may choose to apply whichever set of rules is the stricter;
— in that event, the Member State of residence may require a person applying to stand as a candidate to produce an attestation from the competent administrative authorities in the home Member State certifying that he has not been deprived of the right to stand as a candidate in that country or that no such disqualification is known to those authorities.
9. There are derogations and transitional provisions:
— for any Member State where the proportion of Union citizens of voting age who reside there but are not its own nationals exceeds 20% of the total electorate; such a State may require a minimum period of residence;
— for Union citizens who already have the right to vote in elections to the national parliament of their Member State of residence.
10. Citizens of the Union who on 1 January 1996 already have the right to vote in municipal elections in their Member State of residence and whose names appear on an electoral roll in that State are not subject to the formalities laid down in the Directive at the first municipal elections after the Directive first applies.
11. These derogations are to be reviewed at regular intervals on the basis of a Commission report.

(4) Opinion of the European Parliament

(5) Current status of the proposal

Consultation procedure

The Commission presented the proposal on 23 February 1994.

The proposal is currently before Parliament for its opinion.

(6) References

Commission proposal
COM(94) 38 final — Not yet published in the Official Journal

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