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PRESS RELEASE

Convention on the mutual recognition of companies and legal persons

In pursuance of Article 220, third sub-paragraph, the text of a draft convention has just been completed, designed to ensure the mutual recognition of companies within the meaning of Article 50, second paragraph, of the EEC Treaty. The draft is the result of more than three years' work on the part of government experts and members of the EEC Commission's staff, under the chairmanship of Professor B. Goldman of the Faculty of Law and Economics of the University of Paris.

Recognition is granted as of right to all companies under civil or commercial law, including co-operatives, and to all legal persons under private or public law if they are engaged in an economic activity, provided that they have been incorporated in one of the EEC countries. The convention also applies to one-man companies if their existence is legally recognized by the law of the country of origin.

Recognition of companies and legal persons supplements the provisions of the Rome Treaty regarding the removal of obstacles to freedom to supply services, and to the free movement of goods, capital and persons, particularly where freedom of establishment is concerned.

The convention is applicable within the European territory of the contracting States and in the countries and territories associated with the Community under the Council decision of 25 February 1964. In addition, a joint declaration annexed to the convention sets out the conditions under which the convention will apply in the Associated States.

In another joint declaration the hope is expressed that certain powers will be conferred upon the Court of Justice of the European Communities to ensure uniform interpretation of the convention.

If the Governments give their assent, the convention will probably be signed by the representatives of the contracting States within the EEC Council of Ministers in the near future.

The group of experts will continue its work in pursuance of Article 220, third sub-paragraph, and will study in particular the possibility of international mergers between the companies to which this convention will apply.

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