



EUROPEAN PARLIAMENT
DIRECTORATE GENERAL FOR RESEARCH
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

BULGARIA

Chapter 3 - Freedom to provide services

1. The *acquis*¹

The *acquis* in this chapter relates to:

- Article 43 EC on freedom of establishment and Article 49 EC on the freedom to provide services.
- Financial services: Banking, Insurance, investment services and securities markets. The *acquis* lays down minimum requirements for the different types of institutions in order to create a uniform minimum standard based on the principles of minimal harmonisation of authorisation conditions and the prudential rules, home country control and single licence, mutual recognition of national supervisory standards.
- A directive on the protection of personal data and the free movement of such data.
- Directives on the freedom of establishment and freedom to provide services for craftsmen, traders and farmers.
- A directive on self-employed commercial agents.
- Information society directives on the provision of information in the field of technical standards and regulations and of rules, and on the legal protection of services on conditional access.

This chapter is closely linked to others, particularly free movement of capital and of persons. In addition to alignment, the establishment of an effective regulatory infrastructure is particularly important in order to implement the *acquis* and ensure an efficient and well-supervised financial sector. There is close monitoring by the Commission in cooperation with the Member States.

Most candidates began transposing the *acquis* some time ago, also in the framework of the Europe Agreements. However, a significant amount remains to be done, both in financial services and the primary treaty provisions on right of establishment and to provide services, those countries which made an early start on economic and financial reform and harmonisation being furthest advanced.

¹ Information largely drawn from the European Commission, DG Enlargement, <http://europa.eu.int/comm/enlargement/negotiations/chapters/index.htm>

2. The negotiations

Chapter opened: January 2001

Status: provisionally closed in November 2001

Transitional arrangements

- Lower level of investor compensation until end-2009

3. Position of the European Parliament

In its resolution of 5 September 2001 on Bulgaria's application for membership of the European Union and the state of negotiations¹, Parliament:

- Stresses the link between a properly functioning judicial system and a favourable business environment; points out that the latter can only flourish in a climate of stability and transparency, where there is clear regulation; urges the Bulgarian government therefore to work to remove the shortcomings of the financial markets and bureaucratic barriers to foreign and local enterprise creation;

In its resolution of 11 March 2004 on progress towards accession by Bulgaria², Parliament:

- Calls on Bulgaria to remove the need for EU nationals to have a permanent residence permit to perform economic activities in Bulgaria as part of its alignment in the 'Freedom to provide services' chapter; notes that a draft law has been submitted by the Bulgarian Government to Parliament in order to solve this issue.

4. Latest Assessment of the European Commission³

Since last year's Regular Report, Bulgaria has continued to make good progress in the area of right of establishment. Progress was also made in the field of financial services, in particular as regards financial supervision. Enhanced efforts are required to further align the Bulgarian legislation with the *acquis*, notably in the field of banking, insurance and securities, as well as in the area of data protection and information-society services. Further efforts are also required in order to eliminate any remaining provision with discriminatory effect in the area of right of establishment.

Negotiations on this chapter have been provisionally closed. Bulgaria has been granted a transitional period until the end of 2009 as regards the investor compensation scheme, at the end of which it should reach the minimum level of coverage set out in the *acquis*. Bulgaria is essentially meeting the commitments and requirements arising from the accession negotiations on this chapter.

May 2004

¹ OJ No. C 72E, 21.3.2002

² Minutes of the Plenary Session

³ European Commission, 2003 Regular Report on Bulgaria's progress towards accession
http://www.europa.eu.int/comm/enlargement/report_2003/pdf/rr_bg_final.pdf