



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
DIRECTORATE A
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

LITHUANIA

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/index.htm>

2. The negotiations

The chapter has been closed with ten countries and provisionally closed with Bulgaria, while it remains open with Romania. For several countries, transition periods of up to 5 years have been agreed, and some have been accorded exemption from the banking acquis for very small institutions such as credit unions.

Chapter opened: July 2000

Status: closed in December 2002 (provisionally closed in June 2001)

Transitional arrangements:

- Exclusion of credit unions; lower levels of bank deposit guarantee and investor compensation until end-2007.

3. Latest assessment of the European Commission ¹

In its 1997 Opinion, the Commission noted that full free establishment in the areas of banking, securities and insurance still had to be adequately introduced in the sectors' legislative frameworks and duly implemented. The Commission foresaw no major difficulties in achieving full compliance in financial services.

Since the Opinion, from a legislative point of view, Lithuania has made good progress in most areas of the chapter. Lithuania has achieved a good level of alignment in the banking field but more remains to be done in the area of services, in particular in the insurance sector. Legislation is aligned to a reasonable extent but administrative structures do not yet operate in a fully satisfactory manner.

Negotiations on this chapter have been provisionally closed. Lithuania has been granted an exemption for credit unions other than the Central Credit Union. Lithuania has also been granted transitional arrangements until 31 December 2007 for the implementation of the directives on investor compensation schemes and deposit-guarantee schemes. Lithuania is generally meeting the commitments it made in the accession negotiations in this field.

In order to complete preparations for membership, Lithuania's efforts need to focus on alignment of its legislation and implementation regarding insurance services and data protection, including ensuring the independence of the data Protection supervisory authority. Further effort should also be devoted to aligning legislation in the field of information society services in particular as regards the transposition of the directive on the legal protection of services based on, or consisting of, conditional access.

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¹ European Commission, Regular Report on Lithuania 2002, p. 56:
http://www.europa.eu.int/comm/enlargement/report2002/lt_en.pdf