COUNCIL

DECISION OF THE COUNCIL

AMENDING ANNEXES B AND E TO THE CODE OF LIBERALISATION OF CAPITAL MOVEMENT

(adopted by the Council on 24 May 1996 under the written procedure [CES/PE(96)6 and CORR1; C/M(96)14/PROV])

40389
THE COUNCIL,

Having regard to Article 5 a) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Code of Liberalisation of Capital Movements (hereinafter called the "Code");

Having regard to the Report by the Committee on Capital Movements and Invisible Transactions and the Committee on International Investment and Multinational Enterprises concerning the measures taken by France in the field of direct foreign investment [C(96)59];

DECIDES

1. The following reservation by France to Annex B of the Code is amended as follows:

"*List A, Direct investment:

I/A -- In the country concerned by non-residents.

Remark: The reservation applies only to:

i) The establishment of an agricultural enterprise by nationals of countries that are not members of the EC and the acquisition of vineyards;

ii) Investment in air transport, unless at least 50 per cent of the equity capital is held by nationals of the EC and subject to the provisions of duly approved international agreements that imply otherwise; moreover, the State has full powers regarding domestic air transport with respect to investment not originating in the EC;

iii) Ownership after acquisition of more than 50 per cent of a French flag vessel, unless the vessel concerned is entirely owned by enterprises having their principal office in France. Moreover, nationals of countries that are not members of the EC may not engage in cabotage."

2. France's entry in Annex E of the Code is amended as follows:

“i) Establishment of non-resident investors originating in countries that are not members of the EC in the banking and financial services sector may be subject to reciprocity considerations;

ii) Establishment of insurance companies originating in countries that are not members of the EC may be subject to reciprocity considerations;

iii) Investment by non-EC residents in political and general information publications appearing at least once per month (other than those intended for foreign communities in France), audio-visual communication services, insurance brokerage; tour guide-interpreter services; exploration, extracting and exploitation of hydrocarbons, waterfalls and the purchase of agricultural land adjacent to the Swiss border (under the terms of a bilateral agreement dated 31 August 1946), which is generally allowed
only for enterprises originating in a country with which France has undertaken international commitments containing a clause of national assimilation or reciprocity.”