
Working Party on Domestic Regulation

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COMMUNICATION FROM THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

Applicability of the Disciplines on Domestic Regulation in the Accountancy Sector to other Professional Services

The following communication has been received from the delegation of the European Communities and their Member States with the request that it be circulated to the Members of the Working Party on Domestic Regulation.

Background

1. GATS Article VI:4 calls upon the CTS to develop disciplines aimed at ensuring that qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services. In December 1998 the CTS adopted the *Disciplines on Domestic Regulation in the Accountancy Sector* pursuant to Article VI:4 of the GATS.
2. Following the proposal of the Working Party to consult relevant authorities and bodies on the development of disciplines on domestic regulation, the EC has sent out a questionnaire, seeking comments on the applicability of the *Disciplines on Domestic Regulation in the Accountancy Sector* to other professional services. This note gives a short analysis of the replies received.

The questionnaire

3. The questionnaire followed in its questions the paragraphs of the *Disciplines*, asking to indicate if, and how, these disciplines would apply to the profession, and where they were seen as unfitting, and if so, in what way.
4. The replies received allow an interesting insight into the concerns of the professions. A number of European and national professional associations, national chambers and companies, covering a wide range of professional service sectors, from different European countries commented on the Accountancy Disciplines in detail.

Analysis

5. The responses given to the questionnaire show a general acceptance of the relevance and usefulness of such disciplines by most professions. Some of the associations and companies are of the opinion that the *Disciplines* in their current form could cover their professions as well. Most of those responding regard the Accountancy Disciplines as a useful starting point, bearing some relevance for their profession. Only very few associations/companies feel the Accountancy Disciplines to be totally inappropriate for their profession.

6. Some concern was expressed that the application of the Accountancy Disciplines to other professions could lead to a lowering of qualification requirements, and some fear a weakening of consumer protection.

7. Professions which, in their structure, are somewhat more similar to the accountancy profession, like as lawyers, or engineers, are seen as more suitable being covered by the *Disciplines* than those professions which are very distinct from accountancy, such as, for instance, medical doctors. The consumer interest in the latter professions is seen by some as being “paramount and far greater than for accountants”. However, even within professions which are more concerned, there were responses which acknowledged the general approach of the *Disciplines*, such as the focus on the principles of rule of law and proportionality which would make them applicable to almost any regulated profession.

8. A clear tendency in favour of the application of the *Disciplines* to other professions is obvious. However, some professional associations, while recognising the overall general nature of the *Disciplines*, favour a sector-by-sector approach as opposed to a horizontal approach, in order to allow the specific requirements and conditions of the various professions to be taken into account.

Summary and possible follow-up

9. The analysis of the replies to the questionnaire is encouraging and shows that a great deal of work has already been done in the WPPS/WPDR by drawing up the *Disciplines on Domestic Regulation in the Accountancy Sector*. It showed that the *Disciplines* are not only a useful starting point for the extension of them, but actually are seen as well defined rules which, with some modifications, could be applied to other professions. A sector-by-sector approach would, however, increase the acceptance of disciplines by the concerned professions. Sectoral annexes to a core set of horizontal disciplines on domestic regulation in the area of professional services could be a sensible solution. The specificities of the various professions can be taken into account and the general acceptance of the applicability of the *Disciplines* to other professional services would probably be higher.
