



Commentary on D. Dalton's initiative report on Non-tariff Barriers in the Internal Market

Single Market Strategy

Policy position

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The Architects' Council of Europe (ACE) is the representative organisation for the architectural profession at European level: it aspires to speak with a single voice on its behalf in order to achieve its aims. Its membership currently consists of 43 Member Organisations, which are the regulatory and professional representative bodies in all EU Member States, Accession Countries, Switzerland and Norway. Through them, the ACE represents the interests of over 565.000 architects from 33 countries in Europe.

Item C - "25% of regulated professions are regulated in only one MS"

- While we understand that your comment is meant to address the regulated professions in a general sense, we wish to point out that the architectural profession is regulated 'ex ante' (title regulation) in most Member States, while the others have 'ex post' regulation (regulation of practice). Therefore, the profession is regulated – either ex ante or ex post – in all Member States.

Item D - "only 2% of SMEs have undertaken cross-border expansion through FDI"

- Nearly all of our practices are SMEs. Historically the profession was reasonably international – operating not only cross-border within Europe, but elsewhere in the world. About 7% of those surveyed in our 2010 Sector Study indicated they were doing cross-border work; this dropped to 3% in 2012 and 2.9% in 2014 because of the recession. However, foreign earnings have increased, meanwhile, outside the EU. Cross-border movement in Europe is not inhibited by regulation - it is largely due to lack of economic prospects or personal reasons.
- It should be added that the thresholds and turnover requirements of the Public Procurement exclude 98% of practices from the cross-border procurement market (as SMEs, these practices have a turnover of 160,000 euros or less – whereas the threshold for the Procurement Directive is 200,000 euros).

Item E – numbers in the architectural profession

- With 40% unemployment in some Member States, there is certainly no shortage of architects. Large numbers of professionals chasing small amounts of work guarantee plenty of competition and keep costs down. To increase the number of architects could create more unemployment and if costs are driven any lower, this could impact negatively on quality standards. In turn, this could impact negatively on the global competitiveness of EU architects (which would be disastrous, given that – according to the latest statistics from Oxford Economics - 95% of future growth is likely to take place outside the EU).

Item F – requirements for accessing the architectural profession

- Requirements for accessing the architectural profession are essentially related to qualification - it is in the interest of consumers that professionals should be properly qualified. It is also important that education and training standards in architecture are aligned with international standards so that EU architects may become licensed in third countries, in order to remain globally competitive.

Point 2 – cost as a barrier

- Taking your definition of Non-tariff barriers - we can confirm that nationals and non-national



firms incur the same access costs - therefore, there is no Non-tariff barrier relating to cost.

Point 3 - “the need for governance measures to be proportionate”

- During 2014, the European Commission conducted “Proportionality Tests” in the field of architects. Most Competent Authorities confirmed that their regulation was proportionate and the objectives could not be achieved in a less burdensome manner.

Point 4 – “requirements for accessing the architectural profession”

- These are very clear. The profession has enjoyed automatic recognition based on more or less harmonised minimum standards for some 30 years. According to the Commission’s own research, 96% of registration requests are satisfied. Information on access requirements is easily obtained from the websites of the Competent Authorities, to which there callers may be directed from Points of Single Contact. Registration bodies exchange information via the Internal Market Information (IMI) system.

Point 15 - low levels of cross-border public procurement.

- Here we cite, again, the exclusion of 98% of our profession (the SMEs) because of thresholds and turnover requirements of the Procurement Directive. The vast majority of firms earn less than 160,000 euros – i.e. their earnings fall short of the 200,000 euro.

Point 22 - legal-form, shareholding, multi-disciplinary practice

- The evaluation of the Services in the Internal Market Directive review is not only reviewing legal-form, shareholding and multi-disciplinary structures – but also insurance. The non-availability of insurance products for cross-border work and the absence of mutual recognition of cover between countries are inhibiting factors for the cross-border mobility of professionals.

Point 26 - “regulations on access and practice create unnecessary obstacles to mobility”

- As above, 96% of the profession apparently has no problem. Those who are mobile are only asked to go through the same procedures as nationals of the country to which they are moving (there are no additional requirements under the Professional Qualifications Directive).

Point 27 - the Mutual Evaluation Exercise (article 59 of the Professional Qualifications Directive – Transparency)

- This evaluation was a badly carried out exercise. The final report was late, 80% of it was cut and paste from the earlier Proportionality review, it ignored the inputs made at the cluster group discussions and was produced before having received the National Action Plans from the Member States. Its conclusions and recommendations are tendentious – and were fed into the draft Single Market Strategy as early as July - before the Member States had had chance to submit their comments on the Evaluation (invited for the end of August).

Point 28 - “calls on the COM to address reform priorities ... deregulating certain professions”

- We challenge the inclusion of architects in the list of priorities. We would underline that our share of the market is small and not economically significant. We can also underline the impact this would have on our global competitiveness and will threaten the Mutual Recognition Agreements we are negotiating with Canadian Architects (under the CETA) and American Architects (under the TTIP). There is also the impact on the consumer and the public interest to consider.