



EU DESK

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EU-US SUMMIT ADDRESSES TRADE IN ARCHITECTURAL SERVICES

At the recent EU-US Summit (Vienna, 21st June) the topic of trade in architectural services was discussed with a specific reference to the Mutual Recognition Agreement (MRA) that was signed by the European and American architectural professional organisations in November 2005. Furthermore, during a high level meeting between representatives of the European services sector and the European Commissioner for Trade, Peter Mandelson on the 27th June, in which the importance of achieving substantial liberalisation in trade in services for a successful Doha Round was emphasised, the ACE was able to report that the MRA had been ratified in the interim by the State Architectural Registration Boards of the United States of America with a positive vote of 50 to 1. Following this meeting, Peter Mandelson issued a Press Release indicating that he will be pushing for an ambitious agreement in the negotiations on trade in services in the context of the informal stock-taking on services negotiations.

ARCHITECTS WELCOME APPROVAL OF REDUCED VAT RATES DIRECTIVE BY COUNCIL OF MINISTERS

The EU Council of Ministers ratified, without debate, the extension of the validity of the Sixth VAT Directive which permits Member States to apply reduced rates of VAT to certain labour intensive services.

Among these are renovation works to buildings, and coming at the time when certain renovation works will be eligible for funding under the Structural Funds of the European Union this additional measure will be an important stimulus for the construction market and for architects. In facilitating access to architecture it will help to improve the quality of the built environment; a goal that the Architects' Council of Europe as the umbrella organisation of the profession at European level is steadily striving to achieve, for the best interests of all, notably citizens.

Following lengthy negotiations that commenced in the middle of 2005, the Council of Ministers of the EU finally approved the extension of the Sixth VAT Directive allowing aligning Member States to opt to apply reduced VAT rates to certain labour intensive services. Among the services that are currently benefiting from the reduced VAT rate Directive are construction services when works are taking place on existing buildings. It is estimated that approximately 250,000 jobs in the construction sector rely on this Directive. This agreement comes at a timely moment as the negotiations on the future of the Structural and Cohesion Funds is soon coming to a close. Among the new provisions in the rules for eligibility for structural development funds is, for the first time, the renovation of housing estates when they are part of integrated plans, notably in respect of their energy performance.

This provision, linked to reduced VAT for such works is a stimulus to the improvement of the quality of life for thousands of citizens in the European Union particularly in Central and Eastern European States where the quality of existing housing, notably what is usually considered to

be social housing, is generally well below that of the EU-15 States.

COUNCIL OF MINISTERS REACH A DEAL ON THE SERVICES DIRECTIVE

At the informal meeting of the Competitiveness Council on 29 May 2006, EU Ministers reached political agreement on the draft directive on Services in the Internal Market. The Ministers broadly followed the revised Commission proposal, which is largely based on the text adopted by the European Parliament in first reading. Some changes to the scope of the Directive were agreed and there were changes introduced to the Article on Professional Indemnity Insurance (PII), which is of major importance to the architectural profession. In-depth analysis of the impact of the proposed changes has yet to be carried out by the ACE, though first indications are that the provisions for PII will no longer come under the provisions of Article 16 on "Freedom to Provide Services".

The next step in the process is for the Council to adopt its Common Position and deliver it to the European Parliament for the Second Reading. There are strict time limits on the Second Reading procedures, meaning that if the Parliament agrees with the Council text and conciliation is not needed, the Directive could be adopted before the end of the year with publication early in 2007.

ACE PUTS THE EU CITIZEN AT THE HEART OF ITS POLICIES

At its first General Assembly in April 2006, the Architects' Council of Europe has re-

oriented its priorities so as to put the EU citizen at the centre of its policies. This is to be pursued by incorporating, as a central concern, the achievement of a quality built environment for all in each of the work areas of the ACE.

In an increasingly urbanised Europe where the well-being and health of citizens is a primary preoccupation, the quality of the built environment in which human activities take place is of central importance. Ambitions, in relation to sustainable development, that aim to bring more pertinent responses to urban planning and construction activities are at the heart of the architect's.

The ACE also reviewed its new working structure in order to ensure that its work, which aims to achieve a high quality built environment, will more effectively influence policy and legislative developments at the EU level. In order to respond to this objective in the coming months and years, the ACE intends, henceforth, to undertake more focussed political actions linked to significant external events and to develop, over the next two years, a range of tools and knowledge resources for the benefit of its Member Organisations and all European architects.

It is in line with this shift that the ACE has decided to organise a major Summit on the quality of the built environment in the autumn of 2007 in Brussels. It is intended that this Summit will explore the threats that a free market approach poses to the quality of the built environment. Among other things the Summit will explore the reason why, in many parts of Europe, the built environment is still too often below acceptable standards, notably in the housing sector. The objective will be to define and set out how this malaise in society can be addressed, in particular through the adoption and effective implementation of appropriate policies at all levels (European, national, local).