

**MEMO# 3688**

April 14, 1992

## **EUROPEAN COMMISSION'S REPORT ON U.S. TRADE BARRIERS INCLUDES SECTION 7(D)**

April 14, 1992 TO: BOARD OF GOVERNORS NO. 23-92 INTERNATIONAL COMMITTEE NO. 9-92  
RE: EUROPEAN COMMISSION'S REPORT ON U.S. TRADE BARRIERS INCLUDES SECTION 7(d)

The European Commission recently published its eighth report on the barriers faced by Europeans seeking to do business in the United States. The EC states that the reports are compiled to "... redress the impression given by the U.S. National Trade Estimate reports that trade barriers are primarily a problem encountered by American business abroad, while the U.S. market is essentially open. In reality, Europeans still encounter many serious problems in doing business in the American market." The ninety-six page report describes a wide range of trade and investment barriers, and includes a chapter on barriers affecting the financial services industry. In the attached portion of the report, section 7(d) of the Investment Company Act appears as the second item on the EC's list of restrictions on the provision of securities and investment services. Although the report acknowledges that foreign money managers are able to form "mirror" funds in the U.S., it states that "[f]oreign money managers are reluctant to incur the additional costs necessary to do this." We will keep you informed of developments. Angela C. Goelzer Assistant Counsel -International Attachment

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