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FIRST REPORT FROM THE COMMISSION TO THE COUNCIL

AND THE EUROPEAN PARLIAMENT
on the implementation of the Commission's White Paper
on completing the internal market

COM(86) 300 final

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INTRODUCTION

It is just over nine months since the Commission submitted its White Paper on Completing the Internal Market to the European Council and the European Parliament. Nevertheless the Commission considers - and the Council and the Parliament have indicated that they agree - this to be an appropriate moment to publish a detailed progress report on the implementation of its White Paper. This is intended to be the first in a series of reports that the Commission will publish annually on the implementation of the White Paper.

Format of the Report

This report is divided into six chapters and contains two annexes. Following this introduction, a chapter entitled "The overall picture" provides a global view of the progress achieved to date, draws conclusions from the experience gained over the past nine months and looks ahead briefly to the prospects for the remainder of 1986.

After "the overall picture" the report is divided into three chapters, covering the three main Parts of the White Paper: the physical barriers, the technical barriers and the fiscal barriers. In each chapter, a detailed analysis is provided of the results actually achieved to date by the Commission and the Council in specific areas or sectors. The two annexes which follow the report's "Conclusions" provide details of the proposals submitted by the Commission up to 31 March 1986 (including those adopted by the Council) and of the proposals to be submitted to the Council in 1986.

Developments affecting White Paper progress

Since last June, when the Heads of State and Government meeting in Milan endorsed the White Paper, there have been two important developments of a political nature which present opportunities which

will have to be seized by the Council if the Community is to make the progress it needs to make in implementing the programme it has adopted.

First, the Heads of State and Government at their meeting in Luxembourg in December not only repeated their endorsement of the White Paper, but also agreed on the extension of majority voting on issues concerning the Internal Market. This should give a significant impetus to the Council of Ministers' decision-making process. In addition, the Heads of State and Government agreed that the Council should confer on the Commission greater powers of implementation. In this connection, the intergovernmental Conference called upon the Council to give the Advisory Committee procedure a predominant place in the interests of speed and efficiency in the decision-making process on internal market issues.

Secondly, the Council, under the Luxembourg Presidency last year, instituted a new and significant change in its own planning procedures which should add further impetus to progress. In the past, each Presidency had its own six-month programme reflecting its own view of the important issues. It was accepted that in order to complete the Internal Market by the target date of 1992 a more purposeful approach was needed. The Council therefore agreed that in future a rolling programme should be adopted as agreed between the sitting Presidency and the two following Presidencies. This programme should specify the subjects to be tackled and the measures to be adopted in the following year. On this basis, the Luxembourg, Netherlands and United Kingdom Presidencies agreed a programme which envisages the adoption of 100 of the measures set out in the White Paper during 1986.

THE OVERALL PICTURE

In assessing the progress made to date, it must be remembered that the Community is only just at the start of a process which extends up to the end of 1992. It would be unrealistic to expect dramatic progress in an initial period measured in months not years. There have been major steps forward in important areas, which can be expected to bring significant and early benefits to firms and working individuals, and these are to be valued. Nevertheless it is undeniable that, taken as a whole, the first phase of the programme has fallen behind schedule and the institutions of the Community will need to make a major and immediate effort to regain the ground lost.

Progress in the Council

To date the Council has adopted 27 White Paper proposals since June 1985. Measured against any comparable time-span prior to the White Paper's appearance this would have been regarded as very good indeed and it can be regarded as evidence of a significant new momentum. Nevertheless, it falls considerably short of the 61 proposals the Commission hoped would have been adopted in 1985. The biggest delays have occurred in the agricultural sector where the attention of Ministers has tended to be focussed on other matters.

For the future, it is vital that the Council should improve its procedures following ratification of the Single Act and move purposefully to more majority voting and that greater priority should be given to those measures which form part of the programme, vital to the Community's future, for completing the Internal Market.

The challenge facing the Council in the remainder of 1986 is a considerable one. The White Paper envisages the Council adopting a further 71 proposals in the course of 1986. Taken together with the

proposals not adopted in 1985, this means that the Council should adopt 106 proposals before the end of the year. There can be no question that the rolling programme of the Luxembourg, the Netherlands and the United Kingdom is an ambitious one, but it is one that must be carried through. It will mean that the Community will end the year in a very strong position with well over a third of the White Paper's 300 proposals adopted, many of them of immediate and major importance to European businesses, workers and consumers.

Progress in Parliament

Before turning to assess its own achievements, the Commission would like to pay tribute to the European Parliament for the expeditious manner in which it has during 1985 delivered opinions on White Paper proposals put forward by the Commission. The Commission has greatly benefited from the Parliament's goodwill and its full support for the White Paper programme, and is hopeful that both will continue to be translated into action in 1986. The Commission looks to the Parliament to dispatch without delay its opinion on the 17 proposals which it is still considering.

Progress in the Commission

The Commission too has fallen behind schedule. According to the White Paper's programme, half of the 300 proposals should have been before the Council by the end of 1985. In fact, only 132 have reached the Council, including those that were already on its table when the White Paper was published. This is because to date the Commission has been able to transmit only 28 White Paper proposals, instead of the 48 the programme foresaw.

The main reason for this slippage has been the shortage of staff in the Commission services.

The Commission has made clear from the outset that the White Paper programme would require adequate resources for its successful completion. So far delays at the Commission end of the pipeline have fortunately not yet delayed the Council's timetable. The Commission is already taking urgent steps to give greater priority to the resource needs of the Internal Market programme. But experience since publication of the White Paper has proved beyond any doubt that additional resources over and above what is available from internal redeployment are also needed.

Looking ahead to the remainder of 1986, the Commission's aim remains to forward the proposals outstanding from 1985 and to submit the 50 new proposals envisaged in the White Paper timetable. These will include:

- 1 proposal on the introduction of common border posts
- 2 proposals on the control of individuals; one an intermediary proposal on the abolition of police controls at internal frontiers; the other a proposal on the approximation of arms legislation.
- 1 proposal on technical harmonisation and standards policy.
- 11 sectoral proposals approximating law on inter alia motor vehicles, food law, pharmaceuticals and high technology medicine and on chemical products.
- 15 proposals on veterinary and phytosanitary controls
- 4 proposals on financial services, 2 of which relate to banking and 2 to insurance
- 3 proposals relating to trade marks

- 3 proposals on new technologies and services; and
- 5 fiscal proposals

The Commission has also taken other initiatives to ensure that the process of completion of the internal market meets with the support of all those operating within the economy and brings early benefits to business and industry. The White Paper recognised the need to take account of the regional and social effects of completing the internal market. The Commission has constantly stressed that in the course of completing the internal market, the prosperity and employment of all groups and regions should be promoted and that the social dimension of the Community should be strengthened.

To this end, the Commission has decided to entrust a group of experts with the task of assessing the regional impact of the full internal market. The social aspects of the completion of the internal market are on the agenda of the Social Dialogue being organised at European level which, after the meeting held last November in Val Duchesse, is being pursued in two working parties.

The Commission has also set up a Task Force for small and medium-sized enterprises, one of whose primary tasks will be to ensure that the benefits of the internal market are fully and promptly accessible to small businesses.

It must not be forgotten that, though the Community's ultimate aim is an area without internal frontiers by 1992, the programme in the White Paper contains many proposals which will, once adopted, be of significant and immediate economic benefit. Some, indeed, have been adopted already. The European Economic Interest Grouping, adopted in 1985, will offer the benefits of a measure of international integration to average and smaller-sized firms which have hitherto only been

available to the big multinationals. The new approach to standards, adopted in its main lines by the Council and now being pursued vigorously (and even ahead of schedule) by the Commission will progressively reduce the problems caused by differing national standards for a whole range of product areas. Both the Commission and the Council have adopted several proposals on free movement of labour and the professions, and on the wider availability of training in the Community which should significantly enlarge the fund of qualified expertise to which European enterprises can have access. During 1986 measures scheduled for adoption by the Council would enable European business to hire engineers throughout the Community, to buy insurance and to compete for public contracts more easily, to have greater access to market and other information services, to raise mortgage credit for new premises, to cease to produce separate accounts for company branches and, in the case of small and medium-sized enterprises in particular, to simplify or even eliminate altogether their VAT administration. These are the immediate prizes to be won by European enterprises if their governments in the Council are to achieve the momentum needed to keep the completion of the Internal Market on course. But the full benefits of a truly integrated single market will only be realised once the whole of the White Paper programme is completed.

PART ONE: THE REMOVAL OF PHYSICAL BARRIERS

"It is the physical barriers at the customs posts, the immigration controls, the passports, the occasional search of personal baggage, which to the ordinary citizen are the obvious manifestation of the continued division of the Community ... These barriers are equally important to trade and industry, commerce and business".

- paragraph 24 of the White Paper.

I. Control of goods

Progress towards the elimination of physical controls made on goods at internal frontiers for fiscal, commercial, economic, health and statistical reasons has been somewhat mixed.

As far as the "various controls" identified in the White Paper timetable are concerned, the Commission succeeded in submitting 3 out of the 4 Proposals envisaged for 1985. These concerned the abolition of road transport quotas at border crossings, followup to the Single Administrative Document and the abolition of customs presentation charges. The outstanding proposal on the abolition of border controls related to transport authorisations will be forwarded to the Council in the second quarter of this year. The Council for its part adopted both proposals envisaged for 1985, namely those concerning the duty-free admission of fuel contained in the fuel tanks of buses and coaches and the follow-up to the Single Administrative Document.

Less success was had in the field of veterinary and phytosanitary controls. The Commission put forward only two proposals (on meat products and an improved Community system of certification of seeds) out of the 6 envisaged in the White Paper timetable. This slippage was largely due to the need to maintain on-going management of existing Community policies and programmes. The Commission's priority for the

remainder of 1986 will be to deal with the backlog from 1985. Although the Council adopted 7 veterinary and phytosanitary proposals on production and trade in milk, hormone growth promoters, micro-biological controls, the medical examination of personnel, swine fever and the control of foot and mouth, it has still fallen a long way short of the 18 proposals envisaged for adoption in 1985. This delay is due in part to the different levels of health protection from one Member State to another and the unwillingness of the Member States to accord mutual recognition to each others' protection methods and standards, and also to the lack of priority given to such matters by Agriculture Ministers.

Although no specific proposals on commercial and economic policy measures were envisaged for either submission to or adoption by the Council in 1985, two events are worthy of mention here. The first was the adoption by the Council of the Commission's negotiating mandate for bilateral agreements within the MFA agreement. This contains three elements of importance in the context of achieving a genuine internal market for imported textiles, namely

- a) a reduction in the number of countries to which traditional bilateral agreements - with quotas broken down by Member States - will apply;
- b) the objective of eliminating around 25% of existing national quantitative limitation, where these have been underused in the past;
- c) provision for progressively increased flexibility between national quotas over the duration of the renewed MFA.

The second was that at the end of 1985, the Commission authorised Greece on the basis of Article 108 of the Treaty to introduce an import deposit requirement for a limited range of products; these safeguard measures are temporary and are to be phased out over a relatively short period.

The Commission has also begun, in conjunction with the national statistical offices, to identify what, if any, intra-Community trade statistics will still be needed once the internal market is completed and to examine how in the absence of frontier controls they might be obtained.

Later this year, the Commission will present to the Council a paper on the implications of the emergence of a large integrated market for the Community's external policy.

II. Controls on individuals

As a follow-up to the recommendations of the Ad-hoc Committee on a People's Europe (the Adonnino Committee) the Commission in January 1985 submitted a proposal for a Directive on the easing of controls at intra-Community borders. Given the European Council's endorsement of the Adonnino Committee's recommendations, the Commission had high hopes that its proposal would be adopted as envisaged in 1985. The proposal however remains blocked at Council level despite the fact, as the White Paper pointed out, that "there is no area in which progress, where it can be made, would be more visible or more directly relevant to the aims, ambitions and vision of the Community". The Commission supports the European Council in its belief that this is an area where progress can and should be made urgently.

The Commission for its part will persevere with its approach, putting forward this year the two proposals it is due to submit, viz. an intermediary proposal on the abolition of police identity controls when leaving one Member State to enter another and a proposal on the approximation of arms legislation.

The Commission will also be putting forward this year additional proposals, not foreseen in the White Paper, to simplify further the formalities governing the temporary import of vehicles, passenger transport and removals. In this context, and on the basis of the case law of the Court of Justice (notably the Gaston Schul judgement), the Commission published on 21 January 1986 a Communication explaining the manner in which it intends to apply Article 95 of the Treaty in order to avoid double taxation.

PART TWO: THE REMOVAL OF TECHNICAL BARRIERS

" The elimination of border controls, important as it is, does not of itself create a genuine Common Market. Goods and people moving within the Community should not find obstacles inside the different Member States as opposed to meeting them at the border."

- paragraph 57 of the White Paper.

I. Free movement of goods

Whilst it must be admitted that the Commission's achievements in this area since publication of the White Paper are disappointing in statistical terms - only 6 of the 18 envisaged proposals have been submitted - in qualitative terms considerable progress has in fact been made in two important respects.

First, the Commission has submitted ahead of schedule a proposal on pressure vessels, which is the first proposal to implement the Commission's new approach to technical harmonisation and standards policy.

Second, following on from the publication in November 1985 of its new guidelines on legislative policy in the foodstuffs sector, the Commission has recently submitted to the Council four proposals aimed at implementing the new approach to food law harmonisation; these proposals relate to additives, materials and articles in contact with food, food for specific nutritional uses; and food labellings.

In addition, the Commission has submitted new proposals on gaseous emissions from passenger motor cars ("exhaust emissions") and on the classification, packaging and labelling of dangerous substances. The 5 outstanding proposals in the motor vehicles and chemicals sectors will be put forward later this year.

Some delay has occurred in drawing up the 3 proposals envisaged in the construction sector. Further technical consultations on the new

approach to be adopted were the main cause for this. The Commission will shortly submit a single new proposal on construction and at the same time will withdraw its existing proposal which is still held up in the Council.

In addition to the proposals in the White Paper timetable, the Commission has also submitted proposals on standardisation in the field of information technology and telecommunications. These proposals are fundamental to the objectives of restoring industrial competitiveness and of promoting a European technology Community.

In order to prevent the erection of new barriers to the free movement of goods, Member States have since 1 January 1985 been obliged under Directive 83/189/EEC to notify the Commission in advance of all draft regulations and standards concerning technical specifications that they intend to introduce in their own territory. In 1985, the Commission received 80 such notifications. As a result 32 draft national regulations were suspended because of their potential implications for intra-Community trade. In addition, in 10 cases the Commission announced harmonisation directives designed to replace the planned national initiatives. This policy of preventing potential barriers from being set up has already had an impact on the number and type of complaints received by the Commission. The proportion of complaints about the behaviour of administrations is decreasing in relation to those concerning national measures. This policy has been further reinforced by the interpretation given to this directive by the Commission, which declares that any technical regulation adopted without complying with the notification requirement may not be relied upon against third parties.

Finally, since the White Paper was published, the Commission has continued successfully to promote standardisation. As a result, in 1985 cooperation agreements were concluded between CEN and CENELEC and the decision-making procedures of these two organisations were strengthened.

For its part, the Council has adopted 7 of the 17 proposals envisaged

for adoption in 1985. Of these, 5 concerned food law (sampling and methods of analysis, preservatives, emulsifiers, coffee and chicory extracts, and simulants) and 2 concerned chemical products (the marketing and use of polychlorinated biphenyls and asbestos). In addition, the Council adopted ahead of the White Paper timetable the Commission's proposals on non-ionic detergents and on Membership of the European Agreement on detergents.

The 10 outstanding decisions awaited from the Council concern important proposals on gaseous emissions of motor cars ("exhaust emissions") and food law, and other proposals on airborne noise of household appliances, on tyre pressure gauges and on consumer protection in respect of the indication of prices for non-food products. It is crucially important that this backlog of 10 decisions yet to be taken should be disposed of quickly, since the Council is in addition expected, by virtue of its own programme, to adopt a further 28 proposals on the free movement of goods in 1986.

II. Public procurement

The Commission will shortly be submitting to the Council its proposal to improve existing directives, which was originally foreseen for 1985. No other proposal or decision is envisaged in 1986 but the Commission will concentrate its efforts on improving the effective application of the existing directives.

III. Free movement of labour and the professions

Whilst some slippage has occurred on the free movement of goods, significant progress has been made on the free movement of labour and the professions.

The major proposals scheduled for 1985 on -

- ERASMUS, student mobility and cooperation between further education establishments

- COMETT, cooperation between higher education and industry for advanced training in new technologies
- YES, development of youth exchanges, and on
- the mutual recognition of higher education diplomas,

have all been submitted on time, in conformity with the wishes expressed by the European Council. The outstanding proposal to eliminate remaining obstacles to the movement and residence of migrant Community workers will be submitted this year.

Special mention must be made of the promptness with which Parliament has given its opinion on the proposal for a general system of mutual recognition of higher education diplomas. As a result, the Council will be able to examine this year the substance of this important proposal.

Prior to publication of the White Paper, the Council adopted the Directive which extended the right of establishment to architects. Since then, the Council has adopted two proposals extending similar rights to pharmacists and the proposal on the comparability of vocational training qualifications. The Council has yet to adopt 5 proposals already before it related to free movement of people: on the harmonisation of income taxation provisions with respect to freedom of movement of workers in the Community; on the right of establishment of engineering and commercial agents; and on the right of residence for nationals of Member States not yet or no longer employed.

In addition, the Council has yet to take the budgetary decisions needed to implement the Commission's proposal on COMETT.

IV. A common market for services

The White Paper envisages action in the following 3 main areas: on financial services and securities; on transport services where national

rules hamper the free movement of services; and in the field of new technologies.

In the financial services and securities sector, the Commission had already, at the time of publication of the White Paper, submitted its proposal on freedom of establishment and freedom to supply services in the field of mortgage credit. In addition, the Commission has since submitted 2 of the 4 proposals envisaged for 1985, namely the proposal on the reorganisation and winding up of credit institutions and the proposal on information to be published when major holdings in the capital of a listed company are acquired or disposed of.

The two proposals which the Commission has yet to put forward concern the harmonisation of the concept of own funds and the accounts of foreign branches of banks. These will be submitted shortly; as will an additional proposal on the accounts of branches of companies.

The proposals which the Commission announced it would submit in 1986 (on banks viz large exposures and deposit guarantee arrangements; and on insurance viz accounts of insurance undertakings and winding-up of insurance companies) will be submitted on schedule. In addition, the Commission is likely to submit supplementary proposals on undertakings for collective investment in transferable securities (UCITS) and a proposal on insider trading, not foreseen in the White Paper.

On financial services and securities, the Council has adopted the two proposals on UCITS scheduled for 1985. Viewed overall therefore, the White Paper programme for liberalisation in this sector is well-advanced. Two Council decisions are foreseen in 1986, namely on own funds and the directive to facilitate freedom to provide services in the field of non-life insurance. A ruling by the Court of Justice, expected this summer, is likely to lend a decisive impetus to progress in this field.

Turning to the liberalisation of transport services all the requisite proposals, with the sole exception of the proposal on liberalisation of

coach services which will be submitted shortly, are already before the Council. Although the Council has not yet adopted the Commission's proposal on air transport fares envisaged for 1985, the momentum created by the White Paper and the judgement of the Court of Justice in case 13/85 led the Transport Council in November to adopt transport policy guidelines, which include an undertaking to bring about a road haulage market free from all quantitative restrictions by 1992 at the latest.

Lastly, as regards the liberalisation of services in the field of new technologies, the Commission has just forwarded to the Council a single proposal on Television without Frontiers which amalgamates the two proposals announced in the White Paper for 1985. Together with the Commission's proposal, not mentioned in the White Paper, for a directive on television broadcasting standards, this proposal represents a major contribution to the establishment of a Community-wide television broadcasting area. The Commission hopes that the Parliament will be able to deliver an early opinion on these proposals which once adopted will enable European industry to stand up more effectively to international competition. The Commission would also like the Council to begin to examine these proposals as soon as possible.

V. Capital movements

In accordance with its Work Programme for 1986 (paragraph 1.3, monetary cooperation) the Commission will shortly be amending the decisions taken under Article 108 (3) of the Treaty in December 1984 in respect of France and Italy. The amended decisions will be more limited in scope reflecting the more liberal safeguard measures that have been applied by these Member States since 1984.

By mid-1986, the Commission will present a programme for liberalizing capital movements, which will describe the successive stages by which the Community's obligations to allow free movement of capital, in the context of completing the internal market by 1992, are to be met.

In the first stage of this programme, the Commission will this year submit to the Council a proposal for a directive liberalising capital flows associated with the issue and placing of securities representing risk capital, of transactions in securities and long-term commercial credit.

The problem over the free circulation of capital movements associated with the freedom to supply services in the field of mortgage credit will be dealt with in the framework of a proposal for a directive concerning, in particular, freedom of financial loans and monetary operations, which the Commission intends to submit to the Council in early 1987.

VI. Creation of suitable conditions for industrial cooperation

As announced in its 1986 Work Programme, the Commission intends this year to devote particular attention to creating conditions conducive to industrial cooperation - this is crucially important to the objective of completing the Internal Market and to the creation of a European Technology Community. The measures referred to in the White Paper focus on the creation of a common legal framework for companies, the elaboration of intellectual and industrial property law and the removal of tax obstacles to cooperation.

As far as the objective of creating a common legal framework is concerned, the Council in 1985 took a major step towards this goal by adopting the Commission's proposal for a European Economic Interest Grouping. As a result there now exists at Community level a flexible legal instrument for future cooperation between enterprises, particularly small and medium sized enterprises. The Parliament has yet to give its opinion on the Commission's proposal for a Tenth Directive covering cross-border mergers.

As regards intellectual and industrial property law, the Commission too met its objectives for 1985 by submitting on schedule 3 new proposals on the legal protection of integrated circuits, on the approximation of

the laws of Member States relating to trade marks and on the rules needed for implementing the Community trade mark regulation. Success in this respect could only be achieved at the expense of deferring work on the Commission's Green Paper on copyright. As a result, this Paper will not be published until later this year.

Even though the new Luxembourg Convention on a Community Patent was not signed in 1985, it was initialled by all the Member States which took part in the Inter-Governmental Conference in 1985 and work is continuing to ensure that it will be put into effect in 1987 as envisaged in the White Paper.

Progress in the field of corporate taxation has been less than satisfactory. In 1985, the Council should have adopted proposals on an arbitration procedure concerning the elimination of double taxation, on a common system of taxation applicable to parent companies and their subsidiaries and on a common system of taxation of mergers, divisions and contributions of assets. To date, none of them has been adopted. For its part, the Commission has not yet published its White Paper on corporate taxation. Precedence has had to be given to the work on indirect taxation which has a more direct link with the abolition of frontiers, but the White Paper on taxation will be published shortly.

VII. Application of Community Law

As the Commission pointed out in its White Paper, the Community's political and legislative efforts to create an expanded home market for the people and industries of the Community will be in vain if the correct application of the agreed rules is not ensured.

The Commission therefore attaches considerable importance to pursuing vigorously any suspected breaches of Articles 30 - 36 of the Treaty, which provide for the elimination of quantitative restrictions and

measures with equivalent effect in trade between Member States. In 1985, the Commission's services had to deal with more than one thousand cases under this section of the Treaty. Apart from over 350 new complaints which were registered by the Commission in 1985, in this same year formal infringement proceedings under Article 169 were commenced in 152 cases, reasoned opinions under the same Article were sent in 93 cases and 34 cases were referred to the Court.

During 1986 the Commission intends to give priority to its policy of pursuing all infringements whose effect is to block the free movement of goods within the Community.

The Commission announced in its White Paper its intention to publish general communications on its interpretation of the application of Articles 30 - 36 for the whole of an economic sector or in relation to a particular type of barrier. The first of these communications, on the prices of pharmaceutical products, will be published this year.

PART THREE: THE REMOVAL OF FISCAL BARRIERS

"The removal of frontier controls is bound to have inescapable implications for the Member States as far as indirect taxes are concerned. The adjustments that will be needed to solve these practical problems are also very much in line with the terms of the commitment undertaken by those who signed the Treaties and with historical developments since then."

- paragraph 160 of the White Paper.

At the time of publication of the White Paper, the Council already had before it 9 VAT proposals and 7 proposals on excise duties. Since then, the Commission has, as envisaged in the White Paper, submitted a combined proposal for a standstill ensuring no proliferation of VAT rates and no introduction of new excise duties. The three proposals still outstanding from 1985 on flat rate farmers, passenger transport and special schemes for small businesses will be submitted shortly. The Commission would welcome the Parliament's early opinions on the standstill proposal and on the proposals for an 18th and a 19th VAT Directive.

In the course of 1985, the Council adopted the 17th VAT Directive concerning the temporary importation of goods other than means of transport. Still outstanding from the timetable for 1985 are the Council's decisions on a proposed 14th VAT Directive concerning deferred payment on importation and the four proposals concerning the harmonisation of the structure of excise duties on alcoholic drinks.

The major Council initiative since the publication of the White Paper was its decision, further to the conclusions of the European Council held in Milan in June, to set up an Ad-Hoc Group of the heads of fiscal administrations or other personal representatives of Finance Ministers with the mandate to:

"examine on the basis of Part 3 of the Commission's White Paper, what measures are necessary to achieve the establishment and functioning of the Internal Market before the end of 1992",

it being understood that measures other than those proposed by the Commission may form part of this examination.

The Ad-Hoc Group held its first meeting on 6 February this year and has since met on two further occasions. The Chairman of the Ad-Hoc Group is expected to present its final report to the Council of Finance Ministers in June. The Commission is hopeful that the Council will then be able to take early decisions on the 5 proposals outstanding from 1985 and on the 15 proposals scheduled for adoption in 1986.

In the meantime, it is likely that the Council will resume its examination of the proposals already before it on the harmonisation of excise duty structures.

CONCLUSION

The Commission said in the White Paper

"The time for talk has now passed. The time for action has come. That is what this White Paper is about."

It is in this spirit that this progress report should be read. In the relatively short time since publication of the White Paper, concrete progress has been made in implementing the White Paper programme. Of course, more could and should have been achieved, but these were early days and the momentum behind the White Paper clearly needed time to build up.

Having made a good start we now have to make sure that we do not lose sight of the objective of creating a great market by 1992. The programme detailed in the White Paper is an ambitious one and will require perseverance and commitment from all the bodies involved in the decision-making - the Council, the Parliament and the Commission. The Commission is confident that given the necessary budgetary resources, it can fulfil its commitments to initiate for the future. But the other institutions must play their part. Parliament will need to continue to mobilise public opinion behind this ambitious task. The Council must ensure that it takes clear and rapid decisions on the proposals put before it.

At the end of the day the crucial factor is political will. That political will was amply demonstrated by the Heads of State and Government at Milan and Luxembourg. But it is essential that it is maintained and translated into action in the future.

ANNEX I

**PROPOSALS LISTED IN THE WHITE PAPER
AND SUBMITTED BY COMMISSION
UP TO 31 MARCH 1986**

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- Proposals marked with an asterisk (*) were presented since the publication of the White Paper (14 June 1985)
 - Proposals marked with two asterisk (**) are still before the European Parliament
 - Numbers opposite proposals refer to those yet to be adopted by Council (including those partially adopted)
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SUBJECT	Date of Commission's proposal	Projected date of adoption by Council as given in the White Paper(1)
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PART ONE : THE REMOVAL OF PHYSICAL BARRIERS

I. CONTROL OF GOODS

1. Various controls

1. Simplification of Community transit procedure: discontinuance of presentation of transit advice note and guarantee - COM(79)456 & COM(80)354	1979	1986
2. Duty free admission of fuel contained in the fuel tanks of commercial motor vehicles COM(84)171	1984	PARTIALLY ADOPTED Dir.85/347/EEC
3. Road transport: Abolition of control of quotas at border crossings - COM(85)436	1985*	1986
- Single Administrative document (SAD) third country aspects	1985*	ADOPTED Regul. 85/1900 & 85/1901/EEC

(1) The proposals dated 1985 have not yet been adopted by Council and are therefore delayed.

SUBJECT	Date of Commission's proposal	Projected date of adoption by Council as given in the White Paper
4. Abolition of customs presentation charges - COM(85)356	1985*	1986
2. Veterinary and phytosanitary controls		
- Production and trade in milk		ADOPTED Dir. 85/397/EEC
5. Production and trade in medicated feeding stuffs - COM(81)795	1981	1985
- Hormone growth promoters	1984	ADOPTED Dir. 86/368/EEC
- Microbiological controls (meats, poultry, red meat)	1981	ADOPTED Dir. 85/323/EEC
- Medical examination of Personnel	1984	ADOPTED Directives 85/325/,85/326 - 85/327/EEC
6. Boar meat - COM(83)655	1983	1985
7. Personnel responsible for inspection COM(81)504	1981	1985
8. Minced meat and similar COM(78)418	1978	1985
9. Antibiotic residues COM(81)501	1981	1985
10. Control of residues COM(85)192	1985	1985**
11. Pedigree of bovine animals COM(79)649	1979	1986
12. Pedigree of porcine animals COM(79)785	1979	1986
13. Imports of meat products from third countries (animal and public health) COM(84) 530	1984	1986

- Swine fever	1984	ADOPTED Dir. 85/321, 85/322/EEC
- Control of foot and mouth disease		ADOPTED Dir. 85/511/EEC
14. Aujeszky disease and swine vesicular disease COM(82)529	1982	1985
15. Semen of animals COM(83)512	1983	1985
16. Modification of Directives 72/461/EEC and 72/462/EEC COM(85)57	1984	1986
17. Modification of Directive 77/99/EEC on meat products COM(85)678	1985*	1986
Proposal to amend Directive 77/93 (plant health)	1984	ADOPTED Dir. 85/574/EEC
18. Proposal for fixing of maximum levels for pesticide residues in cereals and foodstuffs of animal origin - COM(80)14	1980	1985
19. Proposal for fixing of maximum levels for pesticide residues in feedingstuffs - COM(77)377	1977	1986
20. Proposal to amend the annex of Directive 76/895/EEC concerning residues of pesticides in and on fruit and vegetables (ethoxyquin and diphenylamine) COM(82)883	1983	1985
21. Proposal to amend Directive 79/117/EEC on the prohibition of certain plant protection products (ethylene oxide) - COM(82)712	1982	1985
22. Proposal for the placing of plant protection products on the market COM(76)427	1976	1986
23. Proposal for the improvement of Community systems of certification of seeds - COM(85)782	1985*	1986

II. CONTROL OF INDIVIDUALS

- Sixth Directive relative to exemptions in international travel: increase to 350 ECUs	1983	ADOPTED Dir. 85/348/EEC
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24. Seventh Directive relating to exemptions in international travel: tax-free sales - COM(84)102	1984	1986**
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25. Tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character - COM(83)730 & COM(84)372	1983	PARTIALLY ADOPTED Dir. 85/349/EEC
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26. Directive on the easing of controls at intra-Community Borders COM(84)749 & COM(85)224	1985	1985
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PART TWO : THE REMOVAL OF TECHNICAL BARRIERS

I. FREE MOVEMENT OF GOODS

1. New approach in technical harmonization and standards policy

27. Simple pressure vessels COM(86)112	1986*	1987**
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2. Sectoral proposals concerning approximation of laws

2.1. Motor vehicles

28. Gaseous emissions passenger cars - COM(85)288	1985*	1985
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Revision of braking Directive 71/320/EEC	1985*	Adopted by Commission Dir. 85/647/EEC
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2.2. Tractors and agricultural machines

2.3. Food law

- General Directive sampling and methods of analysis	1984	ADOPTED Dir. 85/591/EEC
29. General Directive on quick frozen foods - COM(84)489	1984	1985
30. Flavourings - COM(80)286 & COM(82)166	1980	1985
31. Extraction solvents - COM(83)626 & COM(85)79	1983	1986
32. Preservatives (modification) COM(81)712	1981	PARTIALLY ADOPTED Dir. 85/574/EEC.
- Emulsifiers (modification)	1984	ADOPTED Dir. 86/102/EEC
33. Infant formulae and follow-up milk (dietetic foods) COM(84)703	1984	1986**
34. Cocoa and chocolate consolidation - COM(83)787	1984	1986**
- Coffee extracts chicory extracts (modification)	1984	ADOPTED Dir. 85/573/EEC
35. Obligation to indicate ingredients and alcoholic strength - COM(82)626	1982	1985
- Claims in the labelling of foodstuffs - COM(81)159	1981	WITHDRAWN
- Simulants (plastic materials in contact with foodstuffs)	1984	ADOPTED Dir. 85/572/EEC
36. Modified starches - COM(84)733	1984	1986
37. Proposal for a Directive amending Directive 79/581 on consumer protection in the indication of the prices of foodstuffs - COM(84)23	1984	1985

2.4. Pharmaceuticals and high-technology medicines

38. Proposals for Directive concerning the placing on the market of high-technology medicinal products incl. those derived from biotechnology - COM(84)437	1984	1986
39. Proposal amending Directive 75/318/EEC concerning the testing of medical specialities COM(84) 437	1984	1986
40. Proposal amending Directive 81/852/EEC concerning veterinary medicinal products COM(84) 437	1984	1986
41. Proposal for a Council Recommendation concerning tests relating to the placing on the market of medical specialities COM(84)437	1984	1986
42. Proposal for a Council Directive amending Directive 65/65/EEC concerning medical specialities COM(84)437	1984	1986

2.5. Chemical products

- Council Directive relating to restrictions on the marketing and use of PCB's (polychlorinated biphenyls)	1984	ADOPTED Dir. 85/467/EEC
43. Council Directive relating to "Restrictions on the marketing and use of asbestos" COM(79)419 & COM(83)556	1979	PARTIALLY ADOPTED Dir. 85/610/EEC
- Non-ionic detergents (modification of existing Directive)	1985	ADOPTED Dir. 86/94/EEC
44. Classification, packaging and labelling of dangerous preparations - COM(85)364	1985*	1987**
- Membership of the European Agreement on detergents -	1985	DECISION ADOPTED on 12/12/85

2.6. Construction and construction products

2.7. Other items

45. Household appliances: airborne noise -COM(81)811	1981	1985
46. Safety of toys - COM(83)323	1983	1985**
Measuring instruments and methods of metrological control:		
- electronic devices (amending 71/316/EEC) COM(78)766	1978	WITHDRAWN
47. Tyre pressure gauge COM(80)850	1981	1985
- carbon monoxide measurement COM(80)850	1981	WITHDRAWN
48. Hydraulic diggers (noise) COM(80)468 & COM(81)541	1980	1986
49. Protection of hotels against fire (proposal for a recommendation) - COM(83)751	1984	1986
50. Revision of Chapter 6 of the Euratom Treaty concerning nuclear materials COM(84)606	1984	1987
51. Consumer protection in respect of the indication of prices for non-food products COM(83)754	1983	1985

II. PUBLIC PROCUREMENT

III. FREE MOVEMENT FOR LABOUR AND THE PROFESSIONS

52. Harmonization of income taxation provisions with respect to freedom of movement of workers within the Community COM(79)737	1979	1985
- Comparability of vocational training qualifications	1983	ADOPTED Dec. 85/368/EEC

53. Promotion of student mobility and cooperation between higher education establishments in different Member States - COM (85) 756	1985*	1986**
54. Development of youth exchanges in the Community including young people in vocational training and voluntary work abroad COM(86)52	1986*	1986**
55. Cooperation between higher education and industry for advanced training relating to new technologies (COMETT) - COM(85)431	1985*	1986
56. Transitional measures for access to activities in the technical field and for their exercise COM(69)934	1969	1985
57. Coordination of provisions in respect of the training of engineers COM(69)934	1969	1985
58. Coordination relating to commercial agents COM(76)670 & COM(78)773	1976	1985
- Coordination of provisions in respect of certain activities in the field of pharmacy -	1981	ADOPTED Dir. 85/432, 433/EEC Dec. 85/434/EEC
- Mutual recognition of diplomas in pharmacy -	1984	ADOPTED Dir. 85/433/EEC
59. Specific training in general medical practice COM(84)654	1984	1986
60. Right of Establishment : Proposal for a Directive setting up a general system of mutual recognition of higher education diplomas - COM(85)355	1985*	1987

61. Right of residence for nationals of Member States not yet or no longer employed COM(79)215 & COM(85)292	1979	1985
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IV. COMMON MARKET FOR SERVICES

1. FINANCIAL SERVICES

1-1 Banks

62. Accounts of banks COM(81)84 & COM(84)124	1981	1987
63. Freedom of establish- ment and freedom to supply services in the field of mortgage credit - COM(84)730	1985	1988**
64. Reorganization and winding- up of credit institutions COM(85)788	1985*	1987**

1-2 Insurance

65. Facilitation of freedom to provide services in insurance other than life insurance - COM(75)516 & COM(78)63	1975	1986
66. Coordination of laws relating to legal expenses insurance - COM(79)396 & COM(82)43	1979	1987
67. Credit insurance COM(79)459 & COM(82)255	1979	1988
68. Insurance contracts COM(79)355 & COM(80)854	1979	1988

1-3 Transactions in securities

- Undertakings for collective investment undertakings for transferable securities	1976	ADOPTED Dir. 85/611/EEC
69. Information to be published when major holdings in the capital of a listed company are acquired or disposed of COM(85)791	1985*	1988
70. Coordination of the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when securities are offered for subscription or sale to the public - COM(80)893 & COM(82)441	1981	1988
2 - TRANSPORT		
71. Air transport : fares COM(81)396 & COM(84)72	1981	1985
72. Air transport bilateral agreements, arrangements and memoranda of understanding between Member States COM(84)72	1984	1986
73. Air transport : application of Article 85 EEC COM(84)72	1984	1987
74. Community quota for the carriage of goods by road between Member States: final stage. COM(83)340	1983	1986/1988
75. Access to inland waterway freight market - COM(85)610	1985*	1989
76. Non-resident carriers : national transport services COM(85)611	1985*	1988
77. Maritime transport (freedom to provide services in the sea transport sector) COM(85)90	1985	1986

3 - NEW TECHNOLOGIES AND SERVICES

V CAPITAL MOVEMENTS

- | | | |
|--|------|----------------------------|
| - Liberalisation of units in collective investment undertaking for transferable securities | 1979 | ADOPTED
Dir. 85/583/EEC |
|--|------|----------------------------|
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VI - CREATION OF SUITABLE CONDITIONS FOR INDUSTRIAL COOPERATION

1. Company law

- | | | |
|---|------|-------------------------------|
| Proposals for a Regulation for a European Economic Interest Grouping | 1973 | ADOPTED
Regulation 85/2137 |
| <hr/> | | |
| 78. Fifth Company Law Directive (structure of public limited companies) COM(72)887 & COM(83)185 | 1973 | 1988 |
| <hr/> | | |
| 79. Tenth Directive concerning cross-border mergers - COM(84)727 | 1985 | 1987** |
| <hr/> | | |
| 80. Statute for a European Company COM(70)600 & COM(75)150 | 1970 | 1990 |
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2. Intellectual and industrial property

- | | | |
|---|-------|--------|
| 81. Regulation on Community trade marks - COM(80)635 & COM(84)470. | 1980 | 1987 |
| <hr/> | | |
| 82. First Directive to approximate the laws of Member States relating to trade marks - COM(85)793 | 1985* | 1987 |
| <hr/> | | |
| 83. Regulation on the rules needed for implementing the Community Trademark regulation COM(85)844 | 1985* | 1987 |
| <hr/> | | |
| 84. Legal protection of micro circuits - COM(85)775 | 1985* | 1987** |
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3. Taxation (removing tax obstacles to cooperation between enterprises)

85. Arbitration procedure concerning the elimination of double taxation COM(76)611	1976	1985
86. Common system of taxation applicable to parent companies and their subsidiaries COM(69)6	1969	1985
87. Common system of taxation of mergers, divisions and contributions of assets COM(69)5	1969	1985
88. Harmonization of taxes on transactions in securities COM(76)124	1976	1986

PART III : THE REMOVAL OF FISCAL BARRIERS

1. V.A.T.

89. Proposal for a Council Decision providing for a standstill ensuring : - no proliferation of VAT rates in Member States - no widening of the gap between VAT rates in each M.S. COM(85)606	1985*	1986**
90. 14th VAT Directive concerning deferred payment on importation COM(82)402	1982	1985
91. 7th VAT Directive works of art. collectors' items antiques and used goods - COM(77)735 & COM(79)249	1978	1986
92. 12th VAT Directive concerning expenditure on which tax is not deductible - COM(82)870 & COM(84)84	1983	1986

93. 13th VAT Directive concerning

tax refunds to persons not established in the Community COM(82)443 & COM(83) 413	1982	1986
94. 16th VAT Directive concerning imports by final consumers of goods which have already borne tax in another Member State. COM(84)318	1984	1986
17th VAT Directive concerning the temporary importation of goods other than means of transport -	1984	ADOPTED Dir.85/362/EEC
95. 18th VAT Directive concerning the abolition of certain derogations (Article 28(3) of Directive 77/388/EEC - COM(84)649	1984	1986**
96. 19th VAT Directive : miscellaneous supplementary and amending provisions of Directive 77/388/EEC COM(84)643	1984	1986**
97. Directive on the stores of ships, aircraft and international trains COM(79)794	1980	1986
2. EXCISE DUTIES		
98. Proposal for a Council Decision providing for a standstill ensuring no introduction of new excise duties which give rise to border formalities COM(85)606	1985*	1986**
99. Harmonization of the structure of excise duties on alcoholic drinks COM(72)225	1972	1985
100. Harmonization of the structure of excise duties on alcoholic drinks COM(82)153	1982	1985
101. Harmonization of the structure of excise duties on alcoholic drinks COM(85)150	1985	1985

102. Harmonization of the structure of excise duties on alcoholic drinks COM(85)151	1985	1985

103. Excise duty on wine - COM(72)225	1972	1986

104. Introduction of a third stage concerning the harmonization of the structure of cigarette duty - COM(80)69	1980	1986

105. Harmonization of the structure of excises on mineral oils COM(73)1234	1973	1986

SUBJECT **Quarter of 1986
in which proposal
should be made
by Commission**

4. Live animals of the porcine species : modify, intensify and prolong directives on eradication of classical swine fever in the Community as a whole and of African swine fever in Sardinia, Spain and Portugal. 2
5. creation of a special veterinary fund to finance the above mentioned eradication programmes and provide financial assistance in relation to control and eradication of other diseases which may arise. 4
6. first revision of the safeguard clause concerning the veterinary sector : the exporting Member State takes the appropriate measures subject to Community decision. 4
7. formulation of directives concerning animal health problems relating to trade in : live poultry, poultry meat and hatching eggs, dogs and cats. 4
8. live animals of the bovine and porcine species : amend directive 64/432 to provide for inspection and certification in herd of origin, and when necessary, reinspection at place of destination. 4
9. products of animals of the bovine and porcine species and of poultry; amend directives 72/461/EEC, 80/215/EEC and 71/118/EEC to provide for inspection and certification at the place of production and re-inspection, in the case of suspicion of fraud at the place of destination. 4
10. reinforcement of Community checks of application by on-the-spot Commission inspectors: budget proposal 4

**SUBJECT Quarter of 1986
in which proposal
should be made
by Commission**

11. reinforcement of arbitration of disputes	4
12. application of a Community veterinary action programme to control irregularities and fraud in the movement of animals and animal products	4
13. modification of the rules of frontier controls relating to welfare of animals in international transport in order to realise the free circulation	4
14. Definition of role of Community plant health inspectorate (amending directive 77/93/EEC)*	3
15. Amendments to Art. 15 of Directive 77/93/EEC (improvements to the operation of safeguard provisions)*	3
16. Budget proposal enabling establishment of Community plant health inspectorate	4
17. Proposal for a directive concerning the fixing of guidelines for the evaluation of additives used in animal foodstuffs	2
18. Proposal for the modification of directive 76/895/EEC (maximum levels for pesticide residue in fruit and vegetables)	4
19. Proposal for a system of certification of reproductive materials in fruit plants	4
20. Proposal for 4 year research programme into effective methods of controlling certain harmful organisms	4

SUBJECT Quarter of 1986
in which proposal
should be made
by Commission

II. CONTROL OF INDIVIDUALS

21. Approximation of arms
legislation 4
22. Abolition of police controls
when leaving one Member State to
enter another (intermediary stage) 4
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PART TWO : THE REMOVAL OF TECHNICAL BARRIERS

I. FREE MOVEMENT OF GOODS

1. New approach in technical harmonization and standards policy

23. Proposal for the extension of
information procedures on standards
and technical rules (amendment of
directive 83/189/EEC) 4

2. Sectoral proposals concerning approximation of laws

2.1. Motor vehicles

24. Gaseous emissions -
commercial vehicles* 2
25. diesel particulates -
passenger cars* 2
26. speed limits* 2
27. revision of framework
directive 70/156/EEC (on motor
vehicles reception) 4

2.2. Tractors and agricultural machines

28. Implementation directive
74/150/EEC (weight and dimensions,
driveshaft, engine stopping device,
windscreen wipers, foot rest) 4

SUBJECT	Quarter of 1986 in which proposal should be made by Commission
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2.3. Food law

29. Food additives (in part modification of existing directives)*	2
30. Materials and articles in contact with food (amendment)*	2
31. Food for particular nutritional use (amendment)*	2
32. Food labelling (amendment)*	2
33. Food inspection	4
34. Fruit juices, etc.(modification)*	3
35. Jams, etc. (modification)*	3

2.4. Pharmaceuticals and high technology medicines

36. Transparency in prices of medicines and social security refunds	4
37. Membership of the European Pharmacopeia	4

2.5. Chemical products

38. Liquid fertilizers	4
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2.6. Construction and construction products

39. Safety of buildings (resistance to earthquakes, other accidental damage, prevention of progressive collapse) *	2
40. Reliability (fitness for purpose) and durability of buildings (respons- ibility of designers, builders) *	2
41. Test methods for reaction to fire and resistance to fire of building materials and components	4

SUBJECT	Quarter of 1986 in which proposal should be made by Commission
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42. Directive to prohibit the introduction of next or modified building regulations at local government levels for a period of 3 years *	2
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2.7. Other items

43. Chemical properties of toys*(1)	3
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44. Electrical toys	4
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45. Metrology certification	4
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46. Individual protective devices equipment : helmets for motorcycle drivers	4
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47. Individual protective devices equipment : safety boots and shoes	4
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48. Cosmetics	4
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II. PUBLIC PROCUREMENT

49. Improvement of directives on public procurement *	2
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III. FREE MOVEMENT FOR LABOUR AND THE PROFESSIONS

50. Elimination of remaining obstacles related to the movement and residence migrant Community workers *	3
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51. Development of cooperation programmes between Member States for apprentices undergoing vocational training	3
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(1) A proposal to be entitled "chemical properties of items in proximity to children" is expected to be made by the Commission in 1986 which would make this particular proposal unnecessary.

SUBJECT

Quarter of 1986
in which proposal
should be made
by Commission

IV. COMMON MARKET FOR SERVICES

1. FINANCIAL SERVICES

1.1. Banks

52. Accounts of foreign branches of banks * 4
53. Harmonization of the concept of own funds * 2
54. Establishment of a guarantee system of deposit within the Community 4
55. Control of large exposures by credit institutions 4

1.2. INSURANCE

56. Winding-up of insurance companies 4
57. Accounts of insurance undertakings 4

2. TRANSPORT

58. Liberalisation of coach services * 2

3. NEW TECHNOLOGIES AND SERVICES

59. Directive in order to coordinate certain aspects of the national laws and regulating advertising on radio and television and directive in order to coordinate certain aspects of the national laws regulating copyrights in simultaneous cable transmission of programmes now merged into one proposal entitled "pursuit of broadcasting activities" 2
60. Gradual opening up of the market in information services 3

**SUBJECT Quarter of 1986
in which proposal
should be made
by Commission**

61. Definition of common technical features of the machines used to produce the new payment cards 4

62. Conclusion of agreements between banks, traders, producers and consumers on the compability of system networks, linkage user rules and/or rates of commission 4

V. CAPITAL MOVEMENTS

63. Liberalisation of transactions concerning mortgages 3

64. Proposals for the liberalisation of operations such as the issue, placing and acquisition of securities representing risk capital, transactions in securities issued by Community institutions and long-term commercial credit 2

VI. CREATION OF SUITABLE CONDITIONS FOR INDUSTRIAL COOPERATION

1. Company law

65. 11th Company Law Directive to dispense branches of companies from publishing separate accounts 2

2. Intellectual and industrial property

66. Site of the Community trade mark office and its working language 4

67. Rules of procedure for the Boards of Appeal of the Community's trade mark's office 4

68. Fees to be paid to the Community Trade Mark Office 4

SUBJECT

**Quarter of 1986
in which proposal
should be made
by Commission**

PART THREE : REMOVAL OF FISCAL BARRIERS

I. V.A.T.

69. Flat rate farmers *	2
70. Passenger transport *	2
71. Special schemes for small business *	2
72. Rate structure (number of rates)	4
73. Common rate(s) and corresponding standstill arrangement	4

II. EXCISE DUTIES

74. Harmonization of the structures of excise duties on other manufactured tobacco	3
75. Final stage of the harmonization of the structure of cigarette duty	4
76. Common rate bands for all harmonized excise duties and corresponding standstill agreement	4