

COMMISSION OF THE EUROPEAN COMMUNITIES

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SEVENTH REPORT OF THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

concerning the implementation
of the White Paper
on the completion of the Internal Market

The First through the Seventh Reports (1986-1992) were published as *Report of the Commission ... concerning the implementation of the White Paper on completing [completion of] the Internal Market*. The title of the 1993 report is *The Community Internal Market*. The 1994 and 1995 reports are titled *The Single Market*. The annexes to the 1994 and 1995 reports were published as *State of Community law concerning the internal market* and are on AEI-EU as separate documents. The series ends with the 1995 report.

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INTRODUCTION

1. The Community institutions and the Member States have been striving since June 1985 to implement a legislative programme designed to complete an area without internal frontiers; this programme, which was published as part of a White Paper¹, provides a yardstick against which to measure progress towards completion of that area in accordance with the Single European Act and, in particular, Article 8a of the Treaty. The Council and Parliament have had before them since mid-1990 all the proposals envisaged in the programme, so as to permit the final legislation to be adopted in time for it to be implemented by the Member States by 31 December 1992. The European Council's continuing support has maintained political pressure on the Council and the Member States and has, to a large extent, contributed greatly to the results achieved so far: it is fair to say that, in view of the decisions already in force, the economic framework for the single market is now in place, with people, goods, capital and services able to move around freely either on the basis of harmonized or common rules or on the basis of mutual recognition. In particular, the operational rules for the customs union are in place: no customs documentation will accompany Community goods moving inside the Community or released for free circulation in a Member State.

2. The changes generated by the overall number of rules adopted so far in the areas of technical harmonisation, the free provision of services and the opening-up of public procurement markets have permitted a fundamental modernisation of the environment for companies favourable to their competitiveness on the European and overseas markets and also for the promotion of the creation of jobs and the development of investments.

3. Taking these elements into account, it is therefore important to bring the effort embarked upon 7 years ago to a successful conclusion by completing the work; with regard to the competitiveness of firms, this effort is necessary particularly in the areas concerning the European company statute and industrial property. The abolition of border controls has made apparent the necessity for specific accompanying proposals to ensure the free circulation of persons and goods; these proposals must be adopted and implemented by the end of the year, in order to permit the abolition of border controls under favourable conditions. It is through the abolition of border controls that the dynamism of economic and political integration in the Community will be ensured.

4. This is the last annual report presented by the Commission since the publication of the White Paper with a view to ensuring full transparency of the legislative process and the implementation of the rules brought in. Like the two preceding reports, this report takes stock not only of the Council decisions but also of the implementation of those decisions, whether by the Community itself or by the Member States. These general reports have been supplemented by three specific communications on the abolition of frontier controls, the aim being to focus work priorities on this goal; among other things, the Commission has sent to the Council and to Parliament its interpretation of Article 8a² and the implications this has for the remaining frontier controls.

5. These annual reports are in addition to the reports which the Commission was required to produce under Article 8b at the end of 1988 and 1990. The present report does not affect its undertaking to submit to the European Council meeting in Edinburgh (11-12 December 1992) a political communication so that the Internal Market Council will be in a position to take the last remaining decisions before the

1 COM (85) 310

2 SEC (92) 877

end of the year. It does, however, highlight a number of points with only a few months to go before the 31 December 1992 deadline. The Commission will also inform the Council and Parliament of its priorities and lines of action regarding the manner in which the internal market should be administered as from 1993, in particular in the light of the findings of the high-level think tank chaired by Mr Sutherland and which is invested with a study objective in this area. The group is undertaking its work on the basis of terms of reference inviting it to examine the efficiency of the current work methods and conditions for ensuring confidence between the national legislative and administrative systems. The priorities and lines of action envisaged by the Commission will have to be fully in keeping with the principle of subsidiarity as established in Article 3b of the Maastricht Treaty and will have to be consistent with the detailed arrangements for implementing that principle to be adopted by the Commission and presented to the Council and Parliament.

6. Although this report is confined strictly to the White Paper, it should be borne in mind that the process of completing the single market cannot be dissociated from the other five objectives of the Single European Act: economic and social cohesion, social policy, the environment, research policy and the strengthening of economic and monetary cooperation.

PART I: THE OVERALL PICTURE

I. GENERAL PROGRESS

7. The task of completing the single market can be compared to the building of a house, with the different teams of workers having to follow the plan set out in the White Paper. It is important that the various parts of the building should be constructed in a coherent manner, with each part having its role to play in the overall design. Now, while the shell of the building has been completed and decorative work carried out, it is still difficult to move around the house since the finishing work still has to be undertaken. Clearly, any house in which the occupants and their guests cannot lead a normal life will remain inhospitable and will soon be abandoned. The Council should, therefore, as a matter of urgency, complete its work so that the building of the internal market can progress beyond the stage where public opinion in the Community and in neighbouring countries in Europe would remain disillusioned.

8. Admittedly, the pace of work has speeded up since just under 90% of the White Paper has been implemented, compared with 75% a year ago, after progress had slackened in the course of 1991 mainly on account of the proposals that were before Parliament and the difficulties encountered in certain areas such as the opening-up of public procurement in the services sector, the mutual recognition of diplomas, the finalization of certain technical harmonization measures, transport and insurance services.

9. In certain areas the objectives have not yet been fully achieved, despite the significant progress already made:

removal of frontier controls: in spite of clear progress in doing away with customs and tax formalities or certain health controls, national administrative measures are needed to ensure that crossing a frontier no longer gives rise to controls. The legislative framework in place and the cooperation between the police authorities, the immigration authorities and the authorities responsible for the fight against drugs is permitting the reorganization of existing administrative structures at frontiers so as to comply with Article 8a.

