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CONSOLIDATING THE INTERNAL MARKET

(Communication from the Commission to the European Council,
Fontainebleau, 25-26 June 1984)

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I. Background

1. At its meeting on 3 and 4 December 1982 in Copenhagen the European Council agreed to revive the work on the strengthening of the internal market which had ground to a halt at the end of the 70s. It called upon the Council of the European Communities to adopt a number of items of legislation which had been on the table for quite a while.
2. There were two main topics in the terms of reference handed down, namely the removal of technical barriers to trade and the removal of frontier controls.
3. Where the technical barriers to trade are concerned, the task has been carried out to the extent that the considerable amount of work which still remains to be done can now be carried out in accelerated fashion and free of political preconditions.
 - (a) The Council has resolved the problem of the treatment of goods from third countries in the context of the EEC type approval procedure to the extent that it is no longer blocking the adoption of the many proposals for the removal of technical barriers to trade within the Community.
 - (b) It has adopted an extensive and binding procedure for the provision of information on all national technical provisions and standards in order to prevent unilateral national initiatives which divide the market. This procedure signifies a turning point for the Community's legislative activity since in future the approximation of legislation will not take place afterwards as has been the case so far but can actually be carried out even before possible new barriers to trade come into being.

(c) The strengthening of the European Standards Institutes in the context of a European Community standards policy will contribute to the removal of bureaucracy from economic activity. It has also been possible to reach broad agreement on the principles of a European Community standards policy.

4. Where the reduction of frontier controls is concerned, however, the progress made so far is just the beginning:

(a) The Directive of 1 December 1983 on the simplification of formalities, the Regulation of 19 December 1983 on the temporary importation of professional equipment and the Resolution of 7 June 1984 on the removal of controls relating to persons are merely steps on the way to the ultimate goal.

(b) The half-hearted increases in duty-free allowances for travellers and the fuel carried in the tanks of commercial vehicles reflect the lack of progress in the efforts to harmonize consumption taxes and are quite out of line with the requirements as regards the removal of frontier barriers.

(c) Most significantly, however, the Council has failed to reach agreement either on the collection of VAT inside the country rather than at the border or on the replacement of over 70 documents relating to the crossing of frontiers by a single Community document.

It is absolutely essential that the Council should address itself in all haste and with resolution to this matter the explosive political character of which came to the fore very recently in the events at the borders.

5. The results achieved since Copenhagen - over 40 individual decisions - indicate that the completion of the internal market is now once again a political possibility. In the Commission's opinion, such a policy must be based on an overall approach covering, among other things, services and frontier-related aspects of agricultural, tax and transport policy.

II. Consolidating the internal market

6. More than ever before the European economy needs a breakthrough towards achieving the internal market. Only if it is confident in the irreversibility of this internal market will the requisite investment be made. This is the only way to make the European Community more competitive, to secure an economic revival and to combat unemployment.

There are three reasons why the decisions needed in order to consolidate the internal market should be taken before 1986:

- (a) in order to take advantage of the political agreement about the priority to be assigned to this goal, following the mandate given in Copenhagen;
- (b) in order to put the economic revival on a lasting basis so as to enable companies and authorities to make the requisite adjustments; and
- (c) to show the countries which have applied to join the Community that we have put our house in order.

7. On 4 June 1984 the Commission therefore submitted a detailed general programme for consolidating the internal market* covering the removal of frontier barriers, the legislative environment of firms, the movement of capital, services and persons and aspects of agricultural, tax and transport policy.

8. The Commission proposals enumerated in this programme are only limited individual measures when considered in isolation, but if they were all adopted within the next 18 months they would constitute a qualitative leap forward which would consolidate the internal market and thus represent a step towards integration comparable with the accelerated progress towards the customs union in the 60s.

* Communication from the Commission to the Council on consolidating the internal market (COM(84)315).

9. Against the background of this general programme there are two main aspects in respect of which measures are urgently needed:

- (a) the removal of frontier barriers, despite all the good intentions expressed in Copenhagen, and
- (b) the creation of appropriate framework conditions for inter-firm cooperation in the context of a European industrial continuum.

Both aspects have been recognized by the European Council as having priority. Nevertheless, there are difficulties because the many individual measures required come within the sphere of responsibilities of different Councils and are discussed in these meetings without any systematic, binding political coordination.

10. We do not need new ideas, new policies or new Community funds in order to consolidate the internal market. The main problem lies in the failure to implement the political decisions taken long ago by the Heads of State or Government. The fact that the individual proposals designed to strengthen the internal market are often technical in nature should not lead to a situation in which the political initiatives founder at expert level and the overall macro-economic context, including the requirements with regard to time, are lost sight of.

To this end the following decisions should be taken:

- (a) the Internal Market Council is called upon to meet more regularly than hitherto and organize its work according to binding timetables;
- (b) the Internal Market Council is instructed to coordinate all Council work relating to the internal market;
- (c) the ability of the Council to decide on matters concerning the internal market will be increased by organizing the preparatory work in an interdepartmental fashion;
- (d) the European Council will receive regular reports on the completion of the consolidation programme.