

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION TO THE COUNCIL
ON RE-ACTIVATING THE EUROPEAN INTERNAL MARKET

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Commission Communication to the Council
on Re-activating the European Internal Market

1. In June 1981 the European Council agreed that "a concerted effort needed to be made to strengthen and develop the free internal market which constitutes the very foundation of the European Community and the launching pad for the direction of its common commercial policy".
2. As the Commission has never ceased to affirm (including recently in its communication on projects to stimulate investment), European undertakings must be assured that their activities will be able to develop in an economic unit similar in size to the American market and distinctly bigger than the Japanese market: a sufficiently large technological development, financing and sales base is essential in order to be able to face world competition.
3. To date, this has not been achieved. Although the problem issues have been clearly identified and fully discussed, the decisions have not yet been taken. It is obvious that efforts to improve the operation of the European internal area with a view to utilizing it to the best possible economic **advantage** would be pointless without a common commercial policy capable of defending the legitimate interests of Community industry. Enhancement of the internal market must be conceived first and foremost as the basis from which the competitiveness of European undertakings can be increased. There are three sectors of priority importance, ripe for a decision, where some 30 proposals are pending, namely:
 - (i) the treatment of products from third countries in relation to the Community certificate arrangements stemming from the technical harmonization directives,
 - (ii) the information procedure where technical rules are laid down by Member State authorities and industrial standards by national standards institutes,
 - (iii) the simplification of frontier formalities.

4. The question of the treatment of products originating in third countries when they become subject to the certificate arrangements is bound up closely with the establishment of the internal market. It is blocking some twenty proposals for directives ready for adoption at COREPER level and many other drafts at Council-group level. In these circumstances the work on removing technical barriers to trade is likely to have to be suspended. What is lacking is agreement on the internal market's importance in relation to the common commercial policy.
5. Similarly, no progress has actually been made on the Commission proposal for an information procedure in the field of technical standards and rules. The main difficulty is apparently in connection with the notification procedure, the systems applied by the Member States not being equivalent. Rapid agreement would make it possible to reduce the Community institutions' work-load, the creation of situations requiring harmonization being averted, and to keep control over the advance of industrial standardization.
6. The half-dozen proposals for simplifying formalities at the Community's internal frontiers have also encountered resistance, although frontier checks cause considerable expenditure and impede the integration of frontier regions, which remain artificially peripheral. If the impression were given that all internal frontiers will remain indefinitely in existence in their current form, this would undermine the business world's confidence and foster a wait-and-see attitude towards a Europe of the people.
7. In point of fact, none of the decisions awaited in the three priority sectors contains anything really contrary to the economic interests of one or other of the Member States; none of them would entail additional expenditure, on the contrary. On the other hand, they all call for an expression of political will.
8. The Council's present indecision contrasts with the proliferation of measures taken by national authorities, the secondary economic effects of which threaten to split up the internal market. Back in 1974 the European Council was already recommending that greater use be made of the

possibilities afforded by Article 155, fourth paragraph, of the EEC Treaty to relieve the Council. The Council and Parliament should concentrate their attention on framework regulations and directives of obvious political importance and leave it to the Commission to settle the questions of detail arising from them. Proposals are there, pending before the Council, for products intended for construction work and measuring instruments.

9. The Council of Foreign Ministers should therefore reach agreement by 30 June 1983 on the possibility of making use of EEC Article 155, paragraph 4, and should also take a certain number of decisions in suitable batches, which would help reduce the number of proposals relating to the internal market which are still pending. Furthermore, the Council should give an undertaking to terminate other legislative work of political and economic importance, particularly in the field of company law, by the end of 1984 (i.e. before enlargement at the latest).
10. Decision-making would be facilitated if a return were made to the following basic principles:
 - (a) European integration cannot succeed unless it is accepted that traditional systems of administration and supervision must be adapted to meet new situations and requirements;
 - (b) a common market cannot be viable without confidence in the common institutions;
 - (c) the Community must be able to make its presence felt in the field of technical barriers too. A certain differentiation in the treatment of Community products and third-country products is possible and is indeed inherent in the very nature of the Community.
11. In not giving itself a big internal market the Community is depriving itself of the best means it could have to cure its economy and lay the foundations for a lasting revival.

The Commission proposals concerning economic, industrial, research and development and innovation policies are all, without exception, dependent for their success on the proper functioning of a continent-wide internal market.

12. The Commission proposes that the Council should:

(i) decide to give priority to the adoption of the proposals concerning the treatment of products from third countries in relation to the Community certificate arrangements stemming from the technical harmonization directives, the information procedure where technical rules are laid down by Member States authorities and industrial standards by national standard institutes and the simplification of frontier formalities.

(ii) take steps as a matter of urgency to organize its work in such a way that sufficient progress can be made within not more than two months on those issues still posing problems as to enable it, without further discussion, to take decisions on the three issues mentioned above.

In view of the urgency and political importance of the matter, the Council might, while abiding by the decision-making procedures laid down in the Treaty, be guided by the "Spaak Committee" formula used during the negotiations preparatory to the creation of the EEC and make some eminent personage responsible for preparing its work here with the help of delegates specially chosen by the individual Member States.

(iii) agree to prepare for adoption other suitable batches of Commission proposals relating to the internal market which are still pending before the Council by 30 June 1983 and to terminate certain legislative work of political and economic importance, particularly in the field of company law, by the end of 1984.