

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## REQUIREMENTS FOR THE EXCHANGE OF INFORMATION BETWEEN ADMINISTRATIONS TO ENSURE THE FUNCTIONING OF THE INTERNAL MARKET

(Communication from the Commission to the Council, and  
the European Parliament)

## SUMMARY OF THE COMMUNICATION AND RECOMMENDATIONS

The national administrations and the Community administration will have to set up trans-European electronic data transmission systems and make the consequent changes if they wish to respond to the Council's commitment to create a large unified market and abolish frontier controls as required by the Single European Act. For the frontier-free area to function properly, there must be closer cooperation than in the past and much more systematic exchange of information, with the timespans involved so short, that only the intensive use of electronic transmission systems can provide the answer.

This requires internal information exchange systems to be available that are compatible and interoperable with those of the other Member States. The Member States and the Community will jointly seek to find efficient and economically acceptable solutions.

As a first step, the Commission has taken stock of the current situation and existing systems. It takes the view that top priority should be assigned in the areas concerned to any project that acts as a flanking measure for the abolition of controls at the Community's internal frontiers. This communication therefore identifies the priority projects and will be followed up by an operational plan for the effective establishment of the systems concerned.

To satisfy these needs, a concerted and progressive approach is essential. This requires political commitment at all levels and mobilization of the administrations so that the necessary interoperable systems can be put in place swiftly, the indispensable climate of mutual confidence created and an equivalent standard of protection afforded for data exchanged throughout the Community. Measures will also have to be taken to remedy the considerable disparities existing at all levels: software, network architecture, protocols, standards, communication systems and the administrations' computer hardware. Such measures necessitate manpower and budgetary resources, at both national and Community level, in accordance with the principle of subsidiarity.

However, the installation of these networks must be carried out with due respect to individual rights and liberties and therefore presumes strict and coherent provisions relating to data protection.

The establishment of a reliable and efficient Community system hinges on the ability of the Member States and the Community jointly to overcome the above-mentioned problem.

The Commission is consequently proposing the following action:

- mobilizing the national and Community administrations in a coordinated fashion, encouraging them to exchange data by organising the ad-hoc consultation machinery, in particular by setting up a group of senior national officials responsible for the introduction of electronic transmission systems in their administrations;

- using the different budgetary resources available under the different Community programmes to launch appropriate studies and projects in priority areas; exploiting work undertaken under the framework research programme (ENS) and redirecting, broadening and intensifying the INSIS and CADDIA programmes. Since the approval by the Commission of its draft budget estimates for 1992, the challenges, for the functioning of the Internal Market, of the early setting in place of telematic networks have been reevaluated. Also the amounts of credits proposed for 1992 appeared quite modest. The budgetary authority should take this into account in the current budgetary exercise. An analogous situation seems to exist in the Member States.

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## INTRODUCTION

The Community has set itself the objective of establishing on the territory of the twelve Member States, by 1 January 1993, an area without internal frontiers in which persons, goods, services and capital can move freely.

That clear objective is being pursued by implementing the legislative programme proposed by the Commission in its White Paper of June 1985 on completing the internal market and endorsed by the Member States with the entry into force of the Single European Act on 1 July 1987.

With 18 months to go to the established deadline, the legislative programme, which entails the adoption of 282 Community measures, is 75% finished and should be fully completed by the end of 1991. Over 150 measures are already in force, so that Member States are now having to cope with the practical implementation of internal market legislation (see the Commission's sixth report concerning the implementation of the White Paper on completing the internal market, COM(91) 237 final of 19 June 1991).

In the internal market logic, the national administrations share responsibility for the joint management of the area without frontiers. The exercise of that responsibility will rest on more frequent contacts between them in order to ensure the correct application of Community measures. It will also entail substantially strengthening links between them and the Community institutions.

Such joint management will be performed both through more frequent exchanges of staff and via the regular exchange of information in the different fields concerned.

The establishment of trans-European data transmission systems is an absolute necessity if these exchanges of information are to take place quickly enough and are to meet standards of efficiency which the proper functioning of the internal market requires of all operators, be they public or private. These systems, which form part of the trans-European networks that have to be established in order to give concrete expression to the principle of free movement, of information in particular, are essential if the internal market is to function properly in a number of areas. They have already been mentioned in the Commission's communication entitled "Trans-European networks: For a Community action programme" (COM(90) 585 of 10 December 1990).

In its communication on the European electronics and information technology industry (SEC(91) 565 final of 3 April 1991), the Commission stressed the value of stimulating demand for pan-European services provided by administrations of the Community in giving the industry new aims.

In the wake of those two documents, this communication is aimed at describing more precisely the needs for exchange of information between administrations which have been identified by the Commission on the basis of Community measures that have already been taken or are due to be adopted in the near future. It goes on to discuss the means available for meeting those needs and, since those means are inadequate, sets out guidelines for ensuring that the necessary systems are put in place, with an adequate level of data protection, particularly in the field of customs and indirect taxation.

**1. THE NEW LEGISLATIVE FRAMEWORK CREATED TO ESTABLISH  
THE AREA WITHOUT INTERNAL FRONTIERS**

Article 8a of the Treaty provides that

"The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty".

In order to put into effect each of the freedoms laid down in the Treaty, the Community measures adopted or in the course of adoption require significant exchanges of information between individuals, economic operators and the relevant administrations. Because of the abolition of internal frontiers, data obtained in one Member State acquire importance for the administrations of the other Member States and possibly also the Commission, where it is called upon to manage certain policies. It is therefore normal to envisage exchanges of information which, according to the case in point, can become regular and systematic. The importance of these exchanges and the swiftness required mean the setting-up of computerized systems.

A succinct analysis of the principal objectives pursued by the Community measures concerned reveals the significance of the exchanges of information which are required.

**1. Free movement of goods**

**(a) Control measures for goods at the Community's external frontiers**

Goods circulating in the Community come either from non-member countries or from within the Community: from a legal point of view the regime governing their movement is in principle identical. However, the entry into one Member State of a product coming from a non-member country presupposes control of the product by the authorities of that Member State, which have therefore, vis-à-vis the other Member States, a particular responsibility in putting the product in free circulation within the entire Community. These control measures are the concern in the first place of the national authorities with responsibility for controls at the external frontiers: police, customs (drugs, prohibited goods), statistics, etc.

**(i) Customs**

The conditions of access to the Community customs territory must be the same everywhere. The implementation of the Community customs code, currently under discussion at the Council, should ensure identical rules. The efficiency of customs controls will depend largely on the a common management of import quotas and the capacity to apply correctly the Community customs legislation and to use, with a view to detecting frauds, the information already available on suspect merchandise, irregular means of transport and fraudulent traffic, and to ensure circulation of information as efficiently and as quickly as

possible. Furthermore, the information provided at the external frontiers must be able to be used subsequently, where necessary, by other administrations for the purposes of health, tax or other controls.

As regards the application of the Community customs legislation, several systems have been identified to allow the administrations of the Member States to have at their disposal the information required so that they may respond fully to the obligations which the Internal Market imposes on them.

(ii) Police

Alongside the search for persons, police information needs are also very significant with regard to a number of items accompanying persons crossing the frontier (drugs, stolen vehicles, firearms, identity papers - stolen, misappropriated or lost - and also banknotes and works of art). The systems to be developed for the police should, where appropriate, envisage a link with the corresponding customs systems.

(iii) External trade statistics

The need for diffusion of statistical information on external trade among the economic actors and the competent administrations will be reinforced by the setting in place of the Internal Market. The collection of trade statistics at the external frontiers (import and export) and their compilation by the Community's Statistical Office, in close and computerized cooperation with the national statistical institutes, will assume even greater importance than in the past for the management of the different common instruments, in particular commercial policy. The effectiveness of the collection, processing and dissemination of the information will depend upon computerized systems of information exchange.

(iv) Control of Community exports of strategic goods and sensitive technology (COCOM)

It is now recognized that these exports should be subject to a common approach by the Member States, in order to avoid difficulties with free circulation inside the Community. The exchanges of information between the authorities responsible for these controls will be extremely important for the effectiveness of the system to be put in place.

(v) Veterinary and plant health controls

The procedures for veterinary controls at the Community's external frontiers need to be harmonized: animals, livestock products and other foodstuffs originating in non-member countries will have to be subject to the same requirements and the same controls wherever they enter the Community. In order to apply controls satisfactorily, the national officials responsible will need to have full details of the applicable rules and a system for exchanging information on batches of goods

rejected after veterinary checks at other inspection posts. Council Decision 88/192/EEC assigns the Commission the task of drawing up a programme for developing computerized veterinary and plant health control systems.

**(b) Taxation of goods circulating within the Community**

**(i) VAT**

Following the decisions of the Ecofin Council in December 1990, proper functioning of the transitional VAT system, which will be in place from 1 January 1993, will need computerized systems for storing and exchanging data to be operational in all the Member States. This requires the creation of databases in each of the national administrations and the establishment of networks in order to ensure the necessary exchanges of data between Member States themselves and between the latter and the Commission. The system should also serve as the basis for the definitive system to be put into effect at the end of the transitional period. It should also be noted that a considerable amount of information will have to be stored and exchanged and, furthermore, kept for some years in order to ensure the effectiveness of the controls.

**(ii) Mutual Assistance**

It will be necessary to provide for a computerised system which will enable Member States to give mutual assistance for the purpose of the prevention and suppression of fraud in the realm of VAT as well as excise duties. The system to be provided will be able to be based on the experience that the Commission acquired with the development and utilisation of the SCENT system in customs and will be known as SCENT fiscal.

**(c) Control measures on the Community market**

The abolition of controls at the Community's internal frontiers does not spell the end of controls justified on grounds of the protection of health, safety, consumers or the environment. Community rules applying to goods envisage moreover a whole series of measures which can be taken by the national authorities in the event of non-compliance with these rules or in the case of anomalies affecting the products concerned. These rules generally provide that the country taking the measure informs the Commission and the other Member States, or that it informs the Commission, which then passes on the information.

**(i) Technical checks on products**

There are a number of aspects to the placing of products on the Community market:

- product certification, which is centralized for pharmaceutical products and entrusted for other products to national bodies;

- the market inspection systems, whose purpose is to verify that the products in circulation are in conformity with the regulations in force;
- the early warning systems and management of the safeguard clauses of technical harmonization directives, whereby Member States must inform the other Member States of grave and imminent dangers which threaten the European user;
- the notification of national draft technical regulations to the Commission and the other Member States with a view to preventing any barriers to the free movement of goods.

(ii) Veterinary and plant health controls

The measures required for the abolition of physical controls at frontiers have already been taken and will enter into force progressively between 1991 and 1992. They involve the automatic recognition of controls carried out in the country of origin or the country of importation. In the veterinary field, it is necessary to set up a computerized system for information exchanges between the veterinary services of the Community so that the service issuing the certificate of origin can inform the veterinary service of the country of destination of the export of live animals covered by the certificate.

In the plant health field, the fact of being able to follow in real time, thanks to computer tools, the path on the community territory of certain vegetables or vegetable products posing a high health risk, from the place of its production or importation to its place of destination, will allow ensuring the identity of produce and also safeguard the objectives of health protection.

(iii) Environmental protection measures

The aim here should be both to link up the centres responsible for measuring the level of pollutant emissions and to ensure the exchanges of information necessary for the prevention of risks or in the event of ecological accidents. In particular, the transport of dangerous goods demands increased cooperation between the administrations concerned.

(iv) Statistics on intra-Community trade

Following the disappearance of the collection of statistics at internal frontiers, introduction of the system of statistical data for intra-Community trade, following from the INTRASTAT regulation, calls for regular exchanges of information between economic operators, the national authorities responsible for compiling statistics and EUROSTAT.

## 2. Free movement of persons

### (a) Police and security controls carried out at the Community's external frontiers

Even though discussions in this area are taking place at intergovernmental level, the requirements for exchanges of information between the supervisory authorities are of considerable importance.

#### (i) Schengen

The best evidence is the setting-up of the Schengen Information System (SIS) from 1992 between the eight signatories to the Schengen agreements, involving the creation of a new file of data based on the existing data files of the contracting states.

#### (ii) Immigration services

Article 13 of the Convention on the crossing of external borders provides for the establishment of a computerized list of persons who are not permitted to enter the EC.

#### (iii) TREVI (police)

The possibility of creating a European Information System (SIE) is under examination to allow the competent authorities (police), whether at the external frontiers or on the territory of each Member State, immediate access to certain information of a similar nature to that gathered and exploited at national level, and permanently updated, the system being run fully in accordance with the rules concerning protection of individual rights and liberties.

The system relies on the exchange of information on the identities of persons and on drugs traffic. With respect to the fight against drugs, and alongside the Mutual Assistance Group in the customs field, work is in progress to create a European Drug Intelligence Unit (EDIU) which prefigures the project for the creation of a "Europol" by 31 December 1993 at the latest, following the agreement of the European Council in June 1991.

#### (vi) Customs

The setting in place of a customs information system (CIS) is envisaged with a view to allowing the customs services situated at the entry points to the Community, as well as those stationed in the Community interior, access to information on suspect persons in the frame of the prevention and suppression of frauds, including illicit traffic in narcotics. This system should have a link, where appropriate, with the police's European Information System (EIS).

**(b) Free movement of workers within the Community**

The foreseeable increase in mobility within the Community justifies the setting-up of new information exchange systems in a whole series of areas relating to social affairs, to facilitate both the administrative management of mobility and mobility itself. Unlike the information needs linked to the crossing of the external borders, these needs are not inseparably linked to the exercise of free movement.

**(i) Social security**

Community regulations applying to migrant workers require permanent exchanges of information between the social authorities of the Member States. This concerns old age pensions as well as health care, unemployment benefit or family allowances. The proper operation of these exchanges is also essential to guarantee the right of residence for every Community national, irrespective of his status.

**(ii) Employment market**

Information on employment offers and availabilities (with equivalence of vocational qualifications) by means of computerized data exchange thanks to the SEDOC system between the public services responsible for employment is likely to contribute to the free movement of workers and to a reduction in unemployment.

**(iii) Training**

The successful functioning of the Internal Market will depend above all on the qualifications, the flexibility and the performance of European labour, both today and tomorrow. The flows of information required for this purpose are estimated to be considerable.

The administrations of the Member States must be able to consult one another on the changing needs in qualifications and training policies. Those seeking work, as well as the employers, decision makers and educators themselves must be able to be informed about vocational qualifications. Specialised data bases should reinforce educational productivity and link more closely the offer of training with real needs and qualifications.

Following on from these requirements, the need to establish a Telematic Information Network on Education and Training Policies in Europe is clear. Moreover, it is in this spirit that the Education Council of 6 December 1990 sought the re-inforcement and development of the EURYDICE network, as the principal information tool on the structures, the systems and the national and Community developments in the field of education.

### 3. Free movement of services

Public authorities play a less visible role in this area and the needs for exchanges of information are decided among the actors themselves without the intervention of the authorities.

#### (i) Public procurement

The implementation of the Directives on the award of public supply and public works contracts in the Community requires significant exchanges of information between the awarding authorities.

#### (ii) Transport

The need for optimum use of all transport capacity existing in the Community makes it indispensable to set up systems for the Community-wide exchange of information between hauliers and loaders and between hauliers and the customs service.

The effectiveness of transport infrastructures hinges on the establishment of such systems on a Community scale, the first priority being air transport.

#### (iii) Financial services

Exchanges of information between the supervisory authorities, particularly for the banking and insurance sectors, but also in the stocks and securities sector, are already practised, and in the case of the two former for quite some time. These exchanges will intensify with the start up of the single authorization system for the Community and control by the country of origin set out in the Community directives.

### 4. Free movement of capital

Monetary integration can only mean an acceleration in the exchange of information between the central banks of the Community. The need for trans-European payment systems is the subject of a recent Green Paper from the Commission which is currently being discussed with all interested parties.

## II. THE MAIN CHANGES IN THE TASKS OF THE ADMINISTRATIONS CONCERNED

Three types of situation can be distinguished which call into question the current methods of cooperation between administrations:

1. The information held by the administration of one Member State is essential to the administrations of the other Member States for the fulfilment of their tasks.

The abolition of physical, tax or other controls at the internal frontiers and the application of the principle of mutual recognition of a number of rules presupposes the possibility for every Member State of regularly, or even systematically, obtaining information from the other Member States in order to verify the legality of a given situation on its own territory. This information can be held by the administration of the Member State, which transmits it to the administration of another Member State on request, or can be transmitted to a centralized system supplied and utilized by all Member States.

This mutual dependence is particularly clear in the field of customs and indirect taxation, veterinary and plant health controls and certain controls on exports of strategic goods and sensitive technology. It is also the case for the effectiveness of measures taken with regard to persons entering or moving within the Community (immigration, asylum, police and security).

In these areas, smooth and proper cooperation can only be ensured if each national administration itself has a national information system which allows it to meet the requirements for Community-wide exchanges of information.

2. The need for swifter circulation of information to ensure the proper functioning of Community policies.

Free movement of goods and services on Community territory requires that the measures taken by one Member State which affect or are liable to affect freedom of movement should be rapidly brought to the attention of the other Member States.

This applies to inspection departments in food, pharmaceuticals or other sectors and to the circulation of draft regulations among all the Member States.

The effectiveness of the collection and diffusion of statistics by the national statistical offices and the rapidity of the consolidation of the data gathered at Community level, essential for making economic decisions, equally depend upon considerable computer capacity.

**3. The growth in permanent computerized links between economic operators and national administrations calls for greater efficiency in handling information, including information originating in other Member States.**

The completion of the internal market is already resulting in growing internationalization of Community enterprises, as witnessed by the numerous cooperation or participation agreements and mergers between enterprises. The national administrations and these enterprises will increasingly have to cope with problems that have a Community dimension, where the solution resides in the availability of information coming from other Member States.

The new transparency in public supply and public works contracts, information on technical regulations and standards, and the application of social legislation will presuppose an improved knowledge of the rules in force in the other Member States and exchanges of information in many areas.

The efficiency of enterprises in the Community will also depend upon the efficiency of their home administrations.

While, on the one hand, the Commission has institutional responsibility for the management of Community rules and, therefore, the specification of interfaces and the organization of a data network linking the Commission and the administrations and between the administrations themselves, in order to ensure that the national administrations have access to the information necessary for the management of directives, on the other hand, in other areas, such as the free movement of persons, the role of the Commission does not have the same institutional dimension in view of the intergovernmental approach which has developed. Nevertheless, in this area too the Commission has a special position at the crossroads of the twelve administrations, in guaranteeing the circulation of information in conditions of confidentiality and independence. The approach followed in this communication is to set aside the issues of competence in favour of efficiency in the exchange of information and organization of data transmission networks linking administrations.

### III. CURRENT SITUATION AND OUTLOOK

#### 1. Setting up networks at national level

All the Member States have realized, to varying degrees, the importance of modernizing their administrative machinery and the need to adapt it to the new Community environment.

The time has come to establish a group of senior national officials responsible for the introduction of electronic data transmission networks in the national administrations.

This group would be given the task of assisting the Commission in defining and launching any initiative leading to the setting-up of systems for exchanging information between the administrations. It will have notably the following objectives:

- a permanently updated information on the national structures and infrastructures;
- participation in the elaboration of comprehensive schemes for European information systems;
- dialogue with European groups on the same level, acting in the domains of standardisation, and security, and grouping together the principal European industrialists in the sector;
- follow up of the progress of actions decided by the Community Institutions, in order to explain the needs of the administrations;
- reflection on the creation of structures common to the administrations in a particular domain to offer the services which they require.

The creation of this group necessarily involves the identification, within each Member State, of the bodies responsible for the computerization of the administration and the framing of a global strategy for modernization involving, beyond the ministries themselves, the users of the administration and the suppliers of computer equipment, telecommunications and services.

#### 2. Promotion of data networks at Community level

Efforts at Community level have so far been limited to feasibility studies and pilot projects in restricted domains and on the basis of programmes established in the framework of the research policy. Forthcoming completion of the internal market calls for a much broader view in order to guarantee interoperable and efficient networks covering the entirety of the national administrations.

**(a) R&D work under the framework programme on electronic data transmission systems in areas of general interest (ENS)**

A call for proposals was published in mid-June in the Official Journal for the **specific programme on EDT systems in areas of general interest**. This covers in particular the exchange of information between administrations (ENS), which has been allocated ECU 41.3 million for five years. The programme was definitively adopted by the Council on 7 June 1991. The selection of projects will take place from 16 September onwards, the date of closure of the call for proposals, with the objective of signing the contracts and committing adequate financial resources before the end of this year. The programme will serve to finance pilot projects for advanced telecommunications services between administrations.

**(b) Existing Community projects: CADDIA and INSIS**

The CADDIA and INSIS programmes are, for some years, supporting the development of computerization in relations between the national administrations and the Community institutions.

(i) The CADDIA programme concerns the coordination of action of the Member States and the Commission in three fields:

- **Customs:** use of electronic data transmission in the Community's information systems i.e. Single Administrative Document, checks on fraud, quotas, Community customs legislation, import and export controls, etc.;
- **Agriculture:** use of EDT in the collection and dissemination of agricultural data;
- **Statistics:** collection and dissemination of statistical data (Community trade, commercial and agricultural statistics, etc.)

This programme has been designed to support the Customs Union, the common agricultural policy and the collection and use of statistics. It is implemented by four departments in the Commission. Among others, in the framework of CADDIA, the information system SCENT has been developed for use in the fight against fraud. SCENT is a centralized system based at the Commission which offers both electronic message transmission and access to databases. Albeit operational, it is still experimental. The second version is in the specification and development phase. The system's infrastructure is intended to support the development of the CIS (Customs Information System) in the context of work by the Mutual Assistance Group;

(ii) The objective of the INSIS programme is to improve communication between the Member States and the Community institutions by using new techniques in computers and telecommunications. The Commission, the Council, Parliament, the Economic and Social Committee and the Court of Justice are involved as well as certain administrations of the Member States, notably the permanent representatives' offices. Its priorities are:

- the electronic transmission of texts such as parliamentary questions, COM documents, standards and technical regulations;
- setting up systems to facilitate access to information of Community interest;
- setting up video-conferencing systems in order to reduce the time and money spent in travelling.

(iii) Both the CADDIA and INSIS programmes have been the subject of strategic studies in the course of the year which have demonstrated the need to establish telematic systems to support a genuine European administrative area.

CADDIA has so far been limited to three fields; it should now be extended to other domains by undertaking preliminary studies, feasibility studies, pilot projects and providing assistance with the launching of operational systems for information exchange between administrations.

As regards INSIS, proposals have been formulated for splitting up the existing programme into two distinct activities that fit in better with a strategy aimed at the integration of data exchanges between administrations in the single market context. This involves clearly separating application work from infrastructure development.

A communication on the CADDIA and INSIS programmes and on a new orientation for them, as well as a proposal for a Council decision will shortly be presented by the Commission.

#### (c) Financing of national action through the Structural Funds

On the financial front, the Community is helping certain Member States to set up efficient information systems, by facilitating exchanges of experience and promoting the introduction of new technologies through its programmes. The use of the Structural Funds is a prime instrument for those regions eligible (chiefly in Spain, Greece, Ireland, Portugal and Italy) as the three programmes mentioned below bear witness.

(i) The STAR programme, lasting five years, will come to an end in October 1991. Its total budget was ECU 1.5 billion, to which the Community contributed ECU 780 million. ECU 1.2 billion has so far been assigned to some 300 projects, 80% for telecommunications infrastructures and 20% for services in the most disadvantaged regions of the Community. STAR has stimulated investments by telecommunications operators for the digitization of their telephone networks and their evolution towards ISDN, for putting in place fibre optic or satellite links at the level of regional or international arteries, for cellular mobile radiocommunications and the transmission of data (videotext, X400 standard for message transmission, etc.), with a real impact on the administrations in those regions.

(ii) The Community's TELEMATIQUE programme was launched on 25 January 1991. Its Community budget amounts to ECU 200 million for a period of two years. The aim is to stimulate demand in the field of data transmission following the action undertaken under STAR for infrastructures. In particular, applications using electronic mail and videotext will be encouraged. Special attention will be given to business services. TELEMATIQUE should also have a beneficial effect on the communications between administrations.

(iii) EUROFORM is a Community Initiative launched on 18 December 1990 which concerns new qualifications, new skills and new job opportunities brought about by completion of the internal market and technological change. It has a budget of ECU 300 million for three years. The flanking measures concerning equipment or investment are likewise limited to Objective 1 regions.

(iv) INTERREG has a budget of ECU 800 million for three years. Its aim is to support the development of frontier regions, which are often fairly isolated with respect to national economies, by facilitating the creation of transfrontier cooperation networks in the context of the internal market of 1993. It is intended in particular to improve cross-border information transfers for local administrations, private organizations and any other interested institution that comes forward.

**(d) Need for urgent action at Community level**

The insufficiency of the action taken to date in comparison with the objective pursued and the large number of projects that must be completed if the internal market is to function properly call for urgent action by all parties concerned.

#### IV. IDENTIFICATION OF REQUIREMENTS

##### 1. An initial list of projects essential to the internal market

This list has been drawn up on the basis of information in the Commission's possession and information obtained in the course of preparatory work for the implementation of the specific programme on electronic data transmission systems in areas of general interest, in particular linking administrations together.

##### (a) Projects identified by the Commission departments

The list of EDT projects has been established in collaboration with the different Commission departments on the basis of Community instruments adopted or in the course of adoption. It concerns twelve broad areas:

- indirect taxation,
- customs,
- veterinary and plant health controls,
- frontier controls,
- statistics,
- social affairs,
- transport,
- education and training,
- internal market and industrial affairs,
- compliance with competition rules within the Community,
- energy,
- consumer protection.

It pinpoints some 85 activities in which information is exchanged between administrations of the Member States and/or with the Community institutions.

Over 70% of these activities relate to databases or distributed information systems while the remaining 30% relate to information exchange techniques of the electronic mail or videotex type, as well as standardization aspects essential to these exchanges of information taking into account the specificity of the different areas concerned.

##### (b) Projects covered by the specific programme for electronic data transmission systems in areas of general interest (ENS)

As part of the preparatory work for the implementation of the specific programme on EDT systems in areas of general interest, and more particularly for the part concerning networks between administrations (ENS), technical panels have established a list of some 150 applications: some of them match up perfectly with the list drawn up by the Commission itself. The document thus prepared, containing the recommendations of these experts, serves as a basis for the call for proposals published on 15 June in the Official Journal of the European Communities C157/10.

## **2. Priority projects linked to the abolition of frontiers**

The Commission realizes that given the magnitude of the task, it will not be possible to set up all the systems identified as necessary or desirable before the deadline of 31 December 1992. Neither budgetary constraints nor manpower allow for this.

The Commission consequently takes the view that the priorities should be linked to the objective of abolishing controls at the Community's internal frontiers by 1 January 1993.

In other words, in certain sectors, the loss of essential information collected at the internal frontier must be compensated for by systematic exchanges of information, otherwise Member States will suffer intolerable political and economic consequences. This concerns particularly immigration and tax revenues.

It is therefore legitimate to attach absolute priority to the establishment of information exchange systems linking the national administrations responsible for customs, indirect taxation (VAT and excise) crossing of the external frontiers by persons, veterinary and plant health controls and statistics.

The priority needs linked to the abolition of controls at frontiers have been identified and cover the following five areas:

- indirect taxation and excise duties,
- customs,
- frontier controls,
- veterinary and plant health controls,
- statistics.

In the case of indirect taxation in particular, one of the projects involves putting in place by 1 January 1993 a system of information exchange between the databases in the different Member States concerning intra-community commercial exchanges and the identification of those liable. A second action will deal with specific cases requiring mutual assistance between Member States for the purpose of prevention and suppression of fraud (SCENT fiscal). SCENT fiscal could also cover mutatis mutandis mutual assistance with respect to excise duties.

In the customs field, the priority actions relate to the setting up of a European database on the customs tariffs and merchandise subject to particular regimes. Another system will allow the transit of bonded goods within the Community once internal frontiers have been abolished. Other projects of the TARIC, SCENT and tariff quotas will be extended (extension of the fight against fraud to all types of product for SCENT, for example), and their interfaces and

user-friendliness will be improved (possibilities for on-line consultation, more rapid updating). In particular, the CIS (Customs Information System) will be built on the SCENT infrastructure. It will also be necessary to provide for the setting-up of a computerized system for the control of Community exports of strategic products and works of art. Common systems will also be necessary for the computerisation of control of classification and customs valuations as well as to ensure the parameters of verification at the moment of importation or export. As regards the fight against fraud for specific products (in particular, drugs, strategic goods and works of art), a system of mutual assistance will also be developed.

As regards frontier controls on persons, the activities envisaged are principally in support of the activities of the Immigration group, the Schengen group, TREVI and MAG with the setting in place of European information systems on the identification of persons with respect for individual rights, for the purpose of immigration control.

With regard to veterinary and plant health controls, support is needed for three projects that are essential to completion of the single market:

- SHIFT, for veterinary controls on animals and animal products imported from outside the Community, to verify the quality of the meat and check for the presence of any dangerous or contagious disease;
- ANIMO, to allow the free movement of live animals and certain animal products within the Community in respect of hygiene standards and public and animal health;
- PHYSAN, which plays more or less the same role as the preceding projects for produce subject to plant health controls.

In the statistical field, priority should be given chiefly to supporting a system for the exchange of data on Intra-Community trade (INTRASTAT) which will be of great value to the projects on indirect taxation and customs for the free movement of goods.

The recognition of the needs already identified does not prejudice evaluations and studies on the needs which might exist in the future in other domains.

## V. A CONCERTED AND PROGRESSIVE APPROACH

The scale of the task calls for a concerted and progressive approach.

### 1. Political commitment at all levels

In its communications on trans-European networks, on completing the internal market and on the electronics industry, as well as in the course of discussions on the specific R&D programme on EDT systems in areas of general interest, the Commission drew the attention of the Member States to the importance of the new management tasks incumbent on the Member States and the Commission as a result of completion of the internal market.

The Member States and the Community institutions have collective responsibility for creating a climate of mutual confidence between the Member States, without which the internal market could not function satisfactorily.

It is essential that each Member State mobilize its policymakers and its administrations, with a view to rapidly putting the necessary systems in place. The availability of the necessary financial and human resources for the establishment of these systems depends on the clear political commitment which needs to be given in this respect.

This commitment cannot be entered into vis-à-vis the citizens of the Community unless a parallel commitment is given to afford every person residing in the Community protection, with respect to the handling of personal data. It is therefore essential to establish an equivalent level of protection throughout the Community.

With this end in view, the Commission submitted to the Council in September 1990 a set of proposals designed to ensure a high level of protection of individual privacy (COM(90) 314 final of 13 September 1990). Furthermore, the European Council has instructed the ad-hoc group on immigration to begin preparing a Convention on individual protection with respect to the computerized handling of personal data. Work on this Convention should be completed by 30 June 1992 at the latest; the Convention is essential to the protection of individuals against any misuse by the administrations of information concerning them.

### 2. Allocation of the necessary manpower and budgetary resources for setting up the systems

In view of the fundamental changes that are due to take place in the civil services as a result of completion of the internal market, national administrations will have to make a major adjustment effort.

That effort should cover not only standards, software and equipment, but also organization and training.

The strategic studies on CADDIA and INSIS have shown that the situation is very different from one Member State to another as regards the administrative system, the degree of computerization in administration and the manpower available for the operation of information systems.

It is to be hoped that this very uneven situation will as quickly as possible give way to a more uniform set-up in which each administration, without necessarily having the same equipment, the same software and the same means of communication, should nevertheless be in a position to exchange information in a satisfactory manner with its opposite numbers in the other Member States, the Community institutions as well as with the economic operators with whom it has occasion to be in contact.

This levelling-up will require action on a case-by-case basis with national resources possibly supplemented by Community resources in order to cover these requirements.

It will be necessary subsequently to set up systems to facilitate the establishment of transnational communications and overcome the incompatibilities which will be encountered in most cases between different systems. Specific software will have to be developed, complying with international standards and the requirements for open network architecture, to allow different applications to talk to each other.

This will entail a heavier workload and increased costs. Cooperation at community level has a key role to play in financing solutions that are economically viable and acceptable to the different parties concerned.

### 3. Application of the principle of subsidiarity

#### (a) Responsibility of the Member States for setting up national systems

Member States mostly have information systems that operate on their own territory. The level of development of these systems obviously varies widely and can constitute a handicap for the operation of information exchange systems Community-wide.

It is up to the Member States however and their central or decentralized administrations to develop their information systems at national level.

Clearly, efficient national organization is a prerequisite for satisfactory operation of Community information exchange systems.

**(b) Common management of solutions to common problems**

The problems that Member States have in common as regards information exchange systems can be described as follows:

(i) The definition of the needs of the user administrations should be carried out at Community level to secure the full and wholehearted participation of the administrations of the twelve Member States.

(ii) The definition of common technical specifications for any system to be put in place calls for a feasibility study conducted at Community level by the best possible independent specialists.

(iii) The purchase of equipment and the training of personnel in the operation of the system should, for reasons of efficiency and economies of scale, be done on a common basis and within timescales compatible with simultaneous operation in the twelve Member States.

(iv) The financing of equipment and training may present difficulties for certain Member States.

(v) The system will require the twelve administrations to be at an equivalent level of efficiency, at least for those applications which are vital to completion of the internal market (indirect taxation, fraud prevention, etc.).

(vi) The system should be able to be developed to allow for technical updating, new compatible versions of software, etc.

(vii) It should be possible to perfect the system in terms of performance and efficiency (taking into account particularly the results of research work under the programme on EDT systems and even RACE and ESPRIT). Such developments should wherever possible be introduced simultaneously in all twelve Member States and within the Community institutions.

The setting-up of a reliable and efficient Community system hinges on the ability of the Member States to overcome together the difficulties mentioned.

It could be envisaged to create a structure common to the administrations concerned in a particular domain, to offer to its members the services which they will require at a Community scale.