

INFORMATION**INTERIOR MARKET**The customs union in 1974

58/74

It is often maintained that the Community is at present developing in such a way as to lead it from a customs union towards an economic and monetary union. This suggests that the customs union is the foundation stone of the common market but it also presupposes that it must be regarded as completed. While this general assessment is valid for pinpointing the customs union's role in the process of building Europe, it does not square with the actual situation in the customs union on the eve of 1974.

The year 1973 showed, if any doubt still remained, just how pretentious it is to regard the customs union as an established fact continuing a sound base from which to undertake new stages in the building of Europe. Rather, it became increasingly clear that completion of customs union and in particular the free movement of goods will henceforth be dependent on progress made towards economic and monetary union.

How can customs controls at the internal frontiers of the common market disappear while agricultural compensatory amounts continue to be levied or granted owing to the absence of a monetary union? How can these same controls be abolished before further progress is made in integrating taxation systems? It must therefore be acknowledged, as the European Parliament does in its Resolution of 9 October 1972, that any action taken in this direction still comes up against those limits inherent in the system which, if abruptly swept aside, would be likely to cause serious distortions of competition, thus sowing the seeds for a break-up of the system.

However, awareness that these and other fundamental Community problems are directly interdependent does not preclude, through vigilance and purposeful efforts by the Commission and Member states, appreciable progress being made towards the establishment of free movement within the common market. The fact that during 1973 good intentions expressed in different quarters came up against additional difficulties particularly arising from enlargement of the Community should not be overlooked.

It is widely held that there are no grounds to justify the concept of internal frontiers within the old Community of the Six. Yet, it has to be acknowledged that such reasoning is inappropriate to the new Member states as the dismantling of customs barriers and the integration of the agricultural market will only be achieved after a transition period of four years. In addition, this customs union, which is itself undergoing constant change, must at the same time be incorporated in the system of free trade areas which are a feature of the relations with the non-applicant EFTA countries. It is therefore hardly surprising that customs procedures and formalities have become so complex that the uneasiness among the business circles and authorities directly concerned is now almost universal.

This situation led the Commission to propose in its Communication on simplification of customs procedures and formalities transmitted to the Council on 25 June 1973 a number of measures designed to remove the most deeply-felt difficulties in the immediate future. These will be followed in due course by other measures of comparable scope. While continuing its work on harmonization of customs legislation, the Commission undertook to consolidate and add to the achievements of fifteen years' work on customs integration.