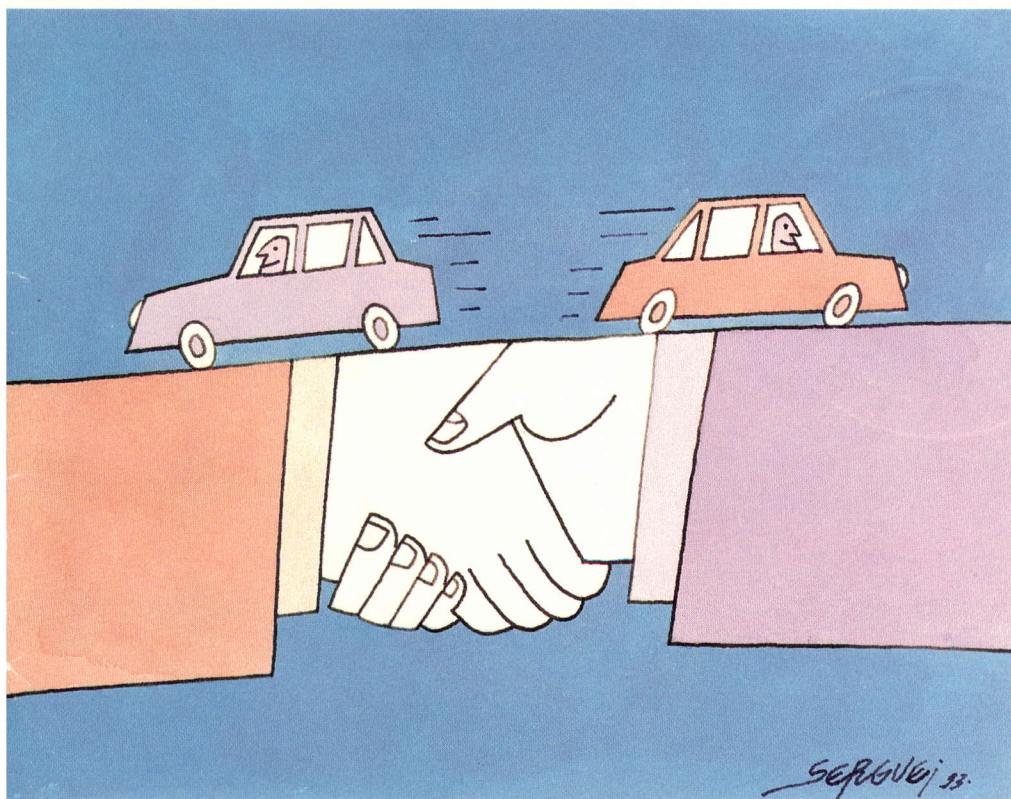


THE CITIZENS AND THE SINGLE MARKET



Europe
on the move



The European Community has achieved one of its most important goals after seven years' work: it has succeeded in dismantling most of the remaining economic barriers between the Member States. The completion of the single market is not just an old dream come true for industrialists, businessmen and bankers; the 340 million consumers in the Community will also benefit in a number of ways from the opening-up of borders.

At their meeting in Edinburgh in mid-December, the Community's Heads of State or Government spoke of a 'historic moment'. They see the completion of a common market with no internal borders as one stage in the process of European unification. The integration process should be given a further boost by the Maastricht Treaty, which contains plans for European economic and monetary union and lays the foundations for closer cooperation on foreign and security policy. At the beginning of the year, though, the Treaty had still not been ratified by Denmark or the UK. The objective of furthering political unity as well as economic integration is one which the founding fathers set themselves at the Community's inception, 35 years ago. However, it was widely believed then that, once customs barriers and quantitative trade restrictions had been eliminated, the greater part of the work would have been done. In actual fact, new obstacles to the free movement of people, goods, capital and services kept on springing up. In the mid-1980s, the Community made a fresh assault on them and by the end of 1992 most of the required legislation (almost 300 items) had been adopted.

WHAT DOES EUROPE MEAN TO PRIVATE INDIVIDUALS?

A common market for everyone

All EC citizens have had the right since the beginning of the year to travel freely to other Member States. Checks on goods at the Community's internal borders and the attendant delays are now a thing of the past and checks on people are only carried out sporadically at most crossings. With the entry into force of the Schengen Agreement, such checks should stop altogether in the signatory States (i.e. all the Community countries except Denmark, Ireland and the UK).

The most obvious change from which everyone will benefit was the introduction of rules enabling them to buy and take back home substantial quantities of goods sold at lower prices in

Fundamental freedoms in the single market

Free movement of:

- People
- Goods
- Capital
- Services

neighbouring countries. Travellers can now look customs officials straight in the eye without worrying when they return with a few purchases from abroad and they are no longer required to declare anything. Since there would have been no way of enforcing the old tax-free limits on goods brought in by travellers other than by having customs patrols carrying out spot checks in border areas, the finance ministers finally decided to lift restrictions on the amount of goods that could be taken across internal borders by private individuals. The disadvantage of this is that it will probably mean lower tax revenues, which is why the new rules apply only to goods for personal consumption.

Special arrangements for tobacco and spirits

There are no restrictions on the amount of goods which travellers can bring back for themselves and their families from other EC countries. The taxes on such goods are paid in the country of purchase. Travellers stand to gain most from this arrangement when there is a large difference between the consumption taxes charged on fuel, tobacco and alcohol. For certain categories, therefore, travellers must provide proof that the goods are for their own personal consumption if they wish to bring back over a certain amount, e.g. 800 cigarettes, 90 litres of wine, 110 litres of beer or 10 litres of spirits.



Roland

The single market has opened up borders once and for all. The free movement of goods is a reality, making shopping in other Member States even easier. You now need have no qualms when crossing borders.

The VAT on brand new cars must be paid in the country of registration, as before. There are also special rules relating to mail order purchases. In both cases, governments feared too great a disruption to existing trade patterns. It may still be worthwhile buying a car abroad, however, because there are sometimes large differences in the pre-tax prices and because a separate roadworthiness test in the country of registration is no longer required.

Pressure on taxes

One way or another, it seems likely that the economic pressures acting to reduce the gap between indirect tax rates will increase. Some rates were reduced before 1 January 1993, in anticipation of the single market. The minimum rates, agreed at Community level, ensure that the disruption to trade flows and lost tax revenues are kept within acceptable limits. For a transitional period, taxes on commercial imports will continue to be paid in the country of destination. This will not change until 1997 at the earliest, provided that the governments have agreed on a clearing system to ensure that no revenue is lost.

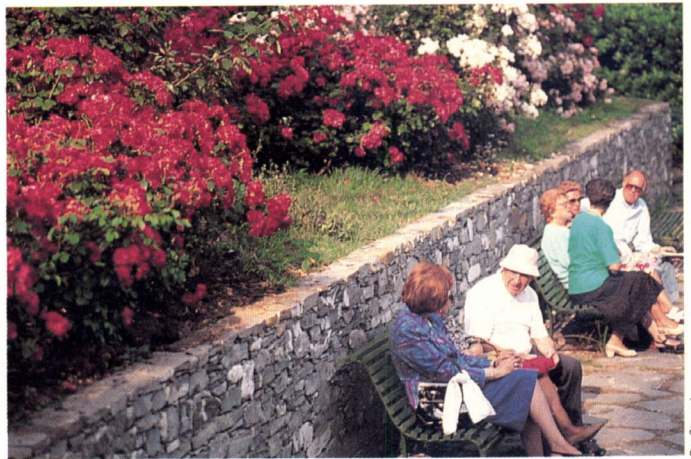
Retiring to the Costa Brava

Every EC citizen has the right to reside and, if he or she wishes, work in another Member State for an unlimited period. Pensioners and students must prove that they can support themselves financially and will not be a charge on the social security system of the host country. Previously, only those in gainful employment were entitled to a residence permit.

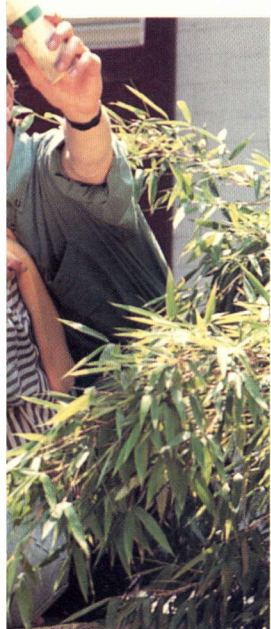


EKA

All Community citizens, including pensioners, have the right to live in any Member State, provided they can prove that they have the means of subsistence.



De Simoni



Mutual recognition of diplomas and degrees will give young people the freedom to venture abroad to make their living.

Recognition of diplomas and degrees

For a long time, governments refused to recognize vocational qualifications awarded in other Member States, which severely restricted freedom of movement within the Community. Instead of trying to eliminate the differences between national training structures, for which there are often historical reasons, the Community's approach is now based on the assumption that national diplomas and degrees are all of equal worth. Additional courses and exams cannot be made compulsory unless there are sufficient grounds or the applicant for a job lacks professional practice in his or her country of origin.

COMPETITION IS GOOD NEWS FOR THE CONSUMER

Greater choice, downward pressure on prices

Dispensing with border formalities within the Community and removing technical and tax-related trade barriers leads to more open markets and increased competition, which benefits the consumer, usually in terms of a greater range of goods and lower prices, provided that the Community's competition rules are strictly applied and that consumers take full advantage of the extended market.

Free trade is the rule

All the progress made so far in dismantling trade barriers has only been possible because the Member States have either agreed to recognize each others' regulations concerning product safety and environmental and consumer protection or agreed on uniform minimum regulations, to apply throughout the Community. The basic rule is that goods which are produced legally and sold in one Member State may be sold throughout the Community without any restrictions.

High levels of consumer protection

Under the Treaties setting up the Communities, a Member State may ban imports only if there is no other way of safeguarding vital non-economic interests, e.g. the health of its citizens or the environment. Thus it was not so much an obsession with regulations as a desire to open up borders that lay

VAT rates in the 12 Member States of the Community

Denmark	25%	Netherlands	17.5%
Ireland	21%	United Kingdom	17.5%
Belgium	19.5%	Portugal	16%
Italy	19%	Spain	15%
Greece	18%	Germany	15%
France	18.6%	Luxembourg	15%

behind the much criticized harmonization of food legislation. The European Commission is required under the Treaties to provide for a high level of protection in its proposals for legislative harmonization. If national regulations have to be approximated in order to make the single market function properly, the Community usually lays down only the most important, general quality and safety requirements. As far as possible, it is left to the European or national standards bodies to fill in the details.

Free movement of goods

On 1 January 1993 all border controls inside the Community, i.e. at borders between the Member States, were stopped.

However, to prevent people from evading VAT in the country where they consume the goods, certain goods are still subject to restrictions.

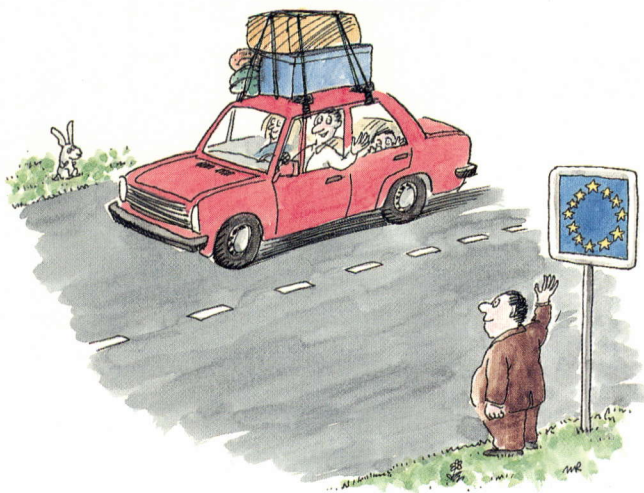
The list below gives the quantities of restricted goods which travellers are allowed to take across internal borders, provided they are for personal consumption

- 800 cigarettes
- 400 cigarillos
- 200 cigars
- 1 kg tobacco
- 10 litres spirits
- 20 litres aperitifs
- 90 litres wine, of which no more than 60 litres sparkling wine
- 110 litres beer

These limits may be exceeded if proof is provided that the goods are for the traveller's personal consumption.



Here are the quantities which a traveller or tourist is allowed to bring home from another Community country (see box for details).



Freedom of movement would be an empty freedom if it did not go hand in hand with the right to settle, to work and to set up one's own business. The Community guarantees this right to young and old, irrespective of the Community country in which they wish to live.

Cross-border payments — the EC user's charter

In the single market, payments from one country to another, and from one currency to another, should be as swift as they are within a Member State and should not cost any more. This is not yet the case. The Commission has therefore sought the cooperation of the banks. It preferred this pragmatic method to a regulation or a directive.

In spring 1992 the Commission proposed an EC user's charter which reads as follows:

'For all cross-border payments within the European Community the user should have the right to the best possible service. Specifically:

1. The bank must inform the user of the most appropriate payment services available.
2. The user must be given full information in advance regarding the total cost of a payment.
3. The user must have the option of paying all charges so that the beneficiary receives the full sum sent.
4. Cross-border payments should be accelerated. The objective is to achieve the same time delay and reliability as for domestic payments by Stage III of EMU.
5. The user should have access to a redress procedure at least equivalent to that existing for domestic payments.'

The banking sector has drawn up less restrictive guidelines. A solution which serves customers' interests must be found. Cross-border payments are growing rapidly and will grow still more rapidly in the single market.

No more 'nepotism'

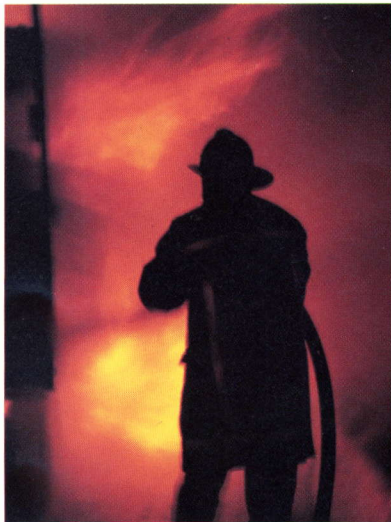
From now on, private companies will not be the only ones which have to face competition head on: public corporations and government bodies with a turnover exceeding a given limit will have to open up to European competition in their building and procurement contracts. Public sector contracts constitute a significant market, which, until now, has been almost exclusively reserved for national companies. In the interests of the consumer, the scope for 'nepotism' will be reduced, particularly in the telecommunications, energy and water industries.

Freedom for the service sector

The single market is not just for producers and traders. Just as much importance is attached to the elimination

of the remaining obstacles to the free movement of services. In the past, banks and insurance companies could not operate in other Member States unless they had a registered office there, subject to local law. Now, registration in the home country acts as a kind of 'passport to Europe'. Restrictions on the movement of money and capital have been removed, with a few exceptions. Air traffic and cross-border road traffic has also been liberalized.

The single market also entails liberalization of the services sector: Europeans are free to take out insurance policies with companies based in other Community countries. This will make for keener competition and improve services.



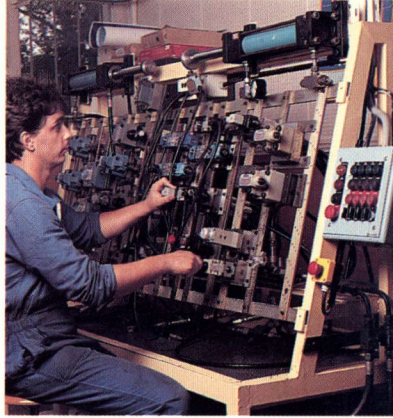
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New job opportunities

The single market entails more than just the liberalization of trade, investment and services: free competition increases productivity and leads to the dismantling of antiquated economic structures, thus stimulating private investment and helping to create jobs.

Community experts have calculated that in the medium term growth and employment are determined largely by the economic policies of the Member States. If, when they stop giving subsidies, governments use the money they save to pay off public debt, they could obtain a 4.5% increase in GNP in the medium term. After declining for a short period, the number of jobs will increase by 1.8 million by 1998. Growth would be even more dynamic if, instead of reducing the debt, governments lowered taxes: experts predict that this would create as many as 5.7 million new jobs.

A large part of this economic growth materialized in the late 1980s, but the large single market will continue to promote the development of new products and processes in the years to come. In February 1993, negotiations on the enlargement of the Community were opened; this too is expected to have a positive effect.



The single market will ensure high standards of quality and safety.

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The single market is for everyone

- Elimination of border controls on goods within the Community: no more long waits
- Dismantling of border controls on travellers within the Community in 1993 — free movement of people across borders
- Common security arrangements throughout the Community thanks to close cooperation between governments and other authorities in all Member States
- No import taxes on goods bought in other Member States for personal use
- The right for everyone to live in another Member State
- Recognition of vocational qualifications in other Member States
- Wider consumer choice and lower prices as a result of increased competition
- New job opportunities created by open competition


EN

This booklet appears in all the official Community languages — Danish, Dutch, English, French, German, Greek, Italian, Portuguese and Spanish.

Commission of the European Communities

Directorate-General for Audiovisual, Information, Communication and Culture

Editor: Publications Unit, rue de la Loi 200, B-1049 Brussels

Manuscript completed in February 1993

Cover: drawing: Serguei

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Printed in Germany

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Office for Official Publications
of the European Communities
L-2985 Luxembourg

ISSN 0379-3133

Catalogue number: CC-77-93-821-EN-C