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Monthly newsletter on the single internal market

A Europe closer to its citizens

■ by Jacques Delors, President of the European Commission

The debate over the ratification of the Treaty of Maastricht, and in particular Denmark's rejection of it by referendum, points to the need to improve the working of the European Community and bring it closer to its citizens.

Clearer and simpler for a better understanding

- To begin with, we must seek greater transparency in our decisions.

- We must redouble our efforts at explaining what we do. The task must be undertaken by everyone in a position of responsibility and by the European Commission, as far as its means will allow it — bearing in mind that the Commission is prevented from interfering in internal policy debates by its own code of ethics.

- It is also necessary to clarify the debate over national sovereignty. It is a question of sharing in the exercise of sovereignty in certain areas, which have been clearly defined by the Treaty, for the simple reason that in unity lies strength.

- Finally, it is necessary to be inventive in the cause of simplicity. This must lead to an examination of collective consciousness, by the Commission to begin with, in order that the texts are easy to read and understand. But it must not be forgotten that the search for a compromise at the level of the Council of Ministers can often result in texts which are complicated, indeed unintelligible.

Four key ideas

A few basic ideas should enable us to improve the working of the Community and bring it closer to its citizens: the extension of political and democratic control; a respect for the diversity of Europe; the determined implementation of the subsidiarity principle and the development of a healthy social dimension.

- Sovereignty of the people, to begin with. The Treaty of Maastricht aims to strengthen the two ways in which it expresses itself: the European Parliament, on the one hand, and the Parliaments and governments of the Member States on the other. What is more, the central role of the European Council is maintained. And the Council itself is made up of those who are directly responsible, as president of the republic or Council, or as prime minister, to the very national sovereignty which has invested them with power.

- The diversity of Europe, which is its basic richness, has to be respected. There are areas for which national authorities alone have competence. They include internal security, justice, national and regional development, education, culture, health and related ethical issues.

- The principle of subsidiarity must be firmly implemented, as desired by the European Council, when it met in Lisbon at the end of June. Its philosophy is a very simple one: it is to deal with problems, and take the necessary decisions, as close to the people as possible. This principle must be applied when making a distinction between the areas of Community competence, on the one hand, and national competence on the other. It must also be applied through the executive measures, based on mutual confidence between the Member States. What is needed finally is a shorter legislative programme: the completion of the single market required the adoption of 300 pieces of Community legislation. But as from 1993 it will be necessary only to manage this market and to make sure it runs smoothly.

- By drawing together the Community's citizens one is also developing its social dimension. There are certain minimum guarantees which must be secured for the workers; but here, too, diversity must be respected. The Commission's proposals seek to avoid two pitfalls: (i) social dumping in the highly industrialized countries and (ii) an excessive rise in costs in the less industrialized ones.

In addition to progress in these areas, it is necessary to explain more effectively to people just what is at stake: extending the peace which we already enjoy to the continent as a whole; refusing the decline of Europe; strengthening our economic potential, a prerequisite to social progress and, finally, the Community's role as a driving force, particularly as regards the environment and North-South relations.

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JULY/AUGUST 1992
The text of this issue was completed on 14 July 1992.

DECISIONS

■ Agreement on air transport

More open skies and, hopefully, cheaper flights within the 12-nation European Community — this is the essence of the three 'European laws' adopted on 22 June by EC ministers, to complete the single market in air transport. While these measures have yet to be definitively adopted, the principles have been set out. As from 1 January 1993 airlines will be virtually free to set fares; national authorities will be able to block only those fares which are too high in relation to costs, or too low. Prior authorization will no longer be required. The present distinction between scheduled and charter flights will have ended. EC airlines will be able to fly where they like within the EC, once they have been granted a licence, in their country of origin but on the basis of Community criteria. However, flights within the same EC country, known as 'air cabotage', will remain subject to restrictions until 31 March 1997. Thus a British carrier will be authorized to fly passengers between, say, Paris and Nice, but on condition that the flight started in the UK and that no more than half the seats were occupied by passengers travelling between Paris and Nice. After 1 April 1997 the British carrier could fly passengers between Paris and Nice without touching down at a UK airport.

■ Border-free insurance almost a reality

The single European insurance market will become a reality on 1 July 1994, when the last two directives ('European laws') needed for this purpose come into effect. The first of the two, which deals with non-life insurance, was definitively adopted by EC ministers on 18 June; the second, dealing with direct life insurance, was adopted by the Twelve on 29 June, and must return to the European Parliament before it can be adopted definitively. Thanks to these laws, both private individuals and companies established in the European Community will be able to take out an insurance policy in the EC country of their choice. Insurance companies established in one EC country will not need offices in the 11 others in order to prospect for clients. However, contracts entered into by private individuals will always be subject to the laws of the country of residence, whose authorities could oppose a contract they felt to be contrary to national 'public interest' legislation. As this concept has not been clearly defined, the EC Court of Justice will ensure that it does not become a pretext for preventing the growth of border-free insurance. Some EC countries will open their markets later than others: thus the relevant date for direct life insurance is 1 January 1996 for Spain and Portugal and 1 January 1999 for Greece.

■ General product safety from 1994

As from 29 June 1994 all consumer products put on sale in the European Community will be guaranteed to be safe, thanks to a directive ('European law') adopted by EC ministers on 29 June. This directive fills the gaps in Community legislation: in several sectors, including toys and certain electrical and gas appliances, 'European laws' already apply, or will come into force on 1 January 1993, in order to guarantee compliance with the requirements of safety and the free movement of goods. The new directive covers all products not covered by existing legislation. It requires manufacturers and distributors to market only safe products and to inform consumers of all possible risks related to their use. It will be up to the national authorities to see to it that these requirements are met. When an unsafe product is discovered and whithdrawn from sale, the Twelve will undertake rapid consultations in order to take measures at Community level.

■ Hygiene, cheeses, game and fish

In the single European market cheeses made from raw milk, such as the picturesquely named French 'crottin de Chavignol', will keep their traditional flavours even while meeting the special EC hygiene standards, drawn up with such milk-based products in mind. As a result, these cheeses will be able to cross the EC's internal borders without hindrance as from 1 January 1993. EC ministers adopted on 15 June a directive setting out the hygiene rules for milk and all milk-based products. These rules will come into force on 1 January at the latest. The Twelve adopted at the same time the same sort of measures for wild game meat, to come into force on 1 January 1993. These hygiene standards cover the entire product cycle, including marketing, as regards both milk and game. Nor did the Twelve overlook fishery products; on 15 June they adopted another directive, one setting out the rules of hygiene for fish and other marine animals caught from fishing vessels. Special standards are provided for in the case of fishing vessels on board which products are kept for more than 24 hours. This directive will come into force on 1 January 1993.

■ 31 barriers lifted

On 1 July as many as 31 reasons to carry out checks at the European Community's internal borders disappeared. On that day the European Community withdrew from several Member States the authorization to supervise, and even limit, imports originating in non-EC countries but entering their market through another Member State. The Commission has thus ended a restriction on imports into Spain of T-shirts of Chinese origin and some 30 supervisory measures, taken mainly by Spain, France, Ireland and Italy. Such national safeguard measures, although provided for by the EEC Treaty, are incompatible with a single market, and will have to be eliminated for 1 January 1993. In 1988 some 800 supervisory and 128 restrictive measures were in force; their numbers had fallen to 33 and 4 respectively in January 1992. Three restrictive measures are still in force. They cover the import of (i) Japanese motor vehicles into Spain and Italy, (ii) Japanese motorcycles into Italy and (iii) bananas from Latin America into Britain and France. Three supervisory measures remain in force in Spain and Italy.

■ Passenger and maritime cabotage

As from 1 January 1993 carriers based in any one European Community country will be able in principle to transport passengers by road and both passengers and merchandise by ship within the territory of any other EC country. EC ministers opened up this possibility — known in the trade as 'cabotage' — by reaching agreement on two Regulations ('European laws') on June 23. Both Regulations will shortly be adopted definitively. Both provide for major exceptions to the general principle of cabotage. Thus as regards the transport of passengers by road, the liberalization measure will apply only to regular frontier-zone services for the transport of schoolchildren and workers; the position as regards other regular passenger services will be reviewed before the end of 1995. As for non-regular services only the so-called 'closed-door tours' will be liberalized in 1993; other non-regular services will have to wait until 1 January 1996. Or for maritime cabotage, it will become 'European' in the northern part of the Community as from next year; but it will be necessary to wait from 1995 to 1999, depending on the type of transport, in the case of Spain, France, Italy and Portugal. This exemption even extends until 1 January 2004 in the case of regular passenger and ferry services provided in Greece.

■ Public procurement: services *et al.*

Border-free public procurement is in sight, now that the last obstacles have fallen. On 18 June the EC Council of Ministers adopted a directive which throws open to EC-wide competition, as from 1 July 1993, all public procurement by government departments and national, regional and local authorities and other public bodies. The same day the Twelve reached agreement on the conditions for opening up service contracts awarded by utilities operating in the water, energy, transport and telecommunications sectors. This agreement will be the object of a special directive, which will be adopted later and will come into force before the end of 1993. The Twelve adopted at the same time another directive which consolidates all the Community rules on public works contracts adopted between 1971 and 1990. It should be noted that the other 'European laws' needed to open up public procurement have already been adopted.

CUSTOMS AND TAXATION IN THE SINGLE MARKET[1]

Customs policy

A customs union is fundamental to the EEC. Article 9 of the Treaty of Rome lays down that the Community 'shall be based on a customs union'. As a result, goods have circulated freely between Member States since 1968, free of customs duties and quotas. Imports from non-EEC countries have been subject to a common customs tariff. Nevertheless, customs officers have continued to apply national taxes and various controls at the internal frontiers between EEC Member States.

The role of customs will be redefined with the advent of the single market and the removal of fiscal barriers in 1993. The Community's present internal transit procedure will end in all but a few remaining cases, as will the use of the single administrative document in intra-Community trade. But as it withdraws from the Community's internal borders, the customs service will have to reinforce its action at the external borders — at the points where trade with non-EC countries is controlled.

Traders have a right to equal treatment from customs everywhere in the Community, for differences in the application of customs rules could distort markets. Hence the need, already recognized for several years, to turn the scattered provisions of Community customs law into a single, coherent text. This is already happening, and the Community Customs Code, about to be approved by the EC Council of Ministers, will enter into force in two stages: the export procedures on 1 January 1993, the remaining provisions on 1 January 1994.

Of course the adoption of Community provisions does not ensure their proper implementation. This requires closer cooperation among the national customs administrations, and between them and the European Commission, in order to detect and prevent fraudulent operations, which would otherwise threaten the economy of the EC as a whole. An effective mechanism for mutual assistance already exists, backed by a computerized information exchange system, called Scent. It will be improved further in readiness for the removal of internal frontiers. Customs administrations are also stepping up their cooperation, supported by Scent, in the fight against drugs and other sensitive products. All this will ensure greater security at the Community's external borders.

The Commission and the national customs administrations are also working together to improve existing computerized systems, and to develop new ones required by the internal market. Much of this work is in relation to the application of the customs tariff[2] and the control of goods in transit between EC and EFTA countries. The Commission is also playing a leading role in the development of the UN's Edifact standard message for electronic communication.

The Matthaeus programme is another example of how the Commission and national administrations are working together. Its activities include exchanges of officials between Member States, usually for periods of four weeks, the development of common training modules, backed by seminars for national training staff, on the one hand, and for operational staff, on the other.

This activity strengthens the Commission's efforts to encourage improvements in working methods by allowing national customs officials to exchange experiences, at a time when they all must reorganize in readiness for the single market. The Commission hopes that the European dimension of customs training can be enlarged in the longer term, through the creation of a European customs school.

New working methods, with simplified clearance procedures replacing detailed physical and documentary checks, will contribute to more efficient and effective customs services and to lower costs for operators engaged in normal, lawful trade. In checking their operations greater use will be made of auditing, while detailed controls will be reserved for cases of greatest risk. On the eve of the 21st century, the Community's prosperity requires a closer match between business and administrative practices.

Other policies

Customs mechanisms have become a versatile instrument for controlling the import, export and transit of goods for not only commercial or agricultural ends but also for implementing a wide range of policies. They include:

(i) environment (dangerous goods, protection of endangered species);
(ii) security (arms, strategic goods and technologies);
(iii) public health (drugs, safety standards);
(iv) culture (illegal export of national treasures);
(v) consumers (counterfeit goods, quality standards); and
(vi) development (tariff preferences).

The European Commission's customs services also play a role in the EC's external relations. The most obvious example is their participation in the Customs Cooperation Council and the technical and training assistance they give to countries in various parts of the world. But the customs services also participate in GATT and are involved in both the negotiation and implementation of free trade agreements entered into by the EC — with EFTA, for example, and the emerging market economies of Eastern and Central Europe.

No fiscal borders

The Single European Act defines the internal market as an area without internal borders, guaranteeing the free movement of goods, persons, services and capital. Indirect taxes, and VAT and excise duties in particular, give rise to formalities, controls and, inevitably, delays at the border. They have to be harmonized, therefore, to the extent necessary to abolish fiscal borders between Member States. Tax formalities linked to the crossing of the Community's internal borders will cease, therefore, on 31 December 1992. This means an end to the single administrative document in intra-Community trade — or some 50 million such documents each year, to be precise.

A single market requires more than an end to physical border controls, however. If it is to function properly, firms inside it must stop operating a dual tax system; in other words, they must stop making a distinction between sales or purchases made in their own fiscal territory and those made in another EC country. In a single seamless market there is no room for the traditional systems of export and import, generating tax refunds and tax charges respectively. What is needed is a single fiscal system, one in which common rules of VAT and of excise duties apply to intra-Community trade, regardless of whether the buyer and seller are located in the same Member State or in different ones.

Value-added tax

Transitional system. The new transitional rules which come into force on 1 January 1993 are a step in this direction. They end the link between the physical entry of goods into the fiscal territory of a Member State and the tax charge. The chargeable event will now be the 'acquisition' of goods, not their actual import. The total of such acquisitions, for the period covered by the next VAT return, will be shown separately by the buyer in that VAT return, along with any claims for a full or partial deduction of VAT, where appropriate.

On the other side, supplies to customers in other Member States will be zero-rated under the transitional rules, provided that (i) the goods are physically moved from the supplier's Member State to that of the buyer and (ii) the latter is registered for VAT.

The VAT invoice for an intra-Community sale will also include the VAT numbers of both supplier and buyer. The supplier will have to enter separately on his VAT return all zero-rated sales to buyers in other Member States. In a statement which will normally be provided on a quarterly basis, he will also report each buyer's VAT number and the value of his purchases during the period covered by the report.

The transport of untaxed goods across invisible borders could clearly be open to abuse and fraud. To prevent this, national tax administrations will exercise control in two ways: (i) by exchanging the data they collect on intra-Community trade (see above) and (ii) by maintaining VAT number databases against which to verify the VAT status of those engaged in intra-Community trade. This exchange mechanism, which uses compatible information systems, will be operational by 1 January 1993.

Special cases. The above arrangements apply to transactions between registered taxable persons — that is, those liable to VAT on their sales. In principle, sales to private individuals will be subject to VAT at the rate that applies in the country of purchase. However, to avoid distortion of competition there are three main exceptions to this rule:

(i) The first concerns new means of transport (cars, lorries, motorcycles, aircraft and boats). They will be taxed in the country of destination. 'New' is defined to include a short amount or period of use.

(ii) The second exception covers mail order and distance sales, involving delivery to a buyer in another Member State. Where the person making the sale is a VAT registered business, and the total of such sales exceeds a certain threshold, he must account for VAT at the rate and under the conditions which apply in the buyer's Member State.

If the threshold is not reached, suppliers will charge VAT at the rates and under the rules in force in their own Member State.

Thresholds do not apply to mail order supplies of goods, such as alcohol, tobacco and mineral oils, on which excise duties are levied. They are invariably taxed in the country of destination.

(iii) The third category of exceptions concerns acquisitions by non-taxable legal persons (public authorities, for example) and businesses which are fully VAT exempt (such as banking and insurance). Where their intra-Community purchases exceed a given annual threshold, they will be allocated a VAT number and treated exactly like a VAT registered business.

Definitive system. Full fiscal integration will come about only when the supplier invoices all his customers, regardless of where they are located in the Community, for VAT at the rates levied in his own Member State. The present fiscal legislation contains provisions for the EC to consider moving to such a system — known as 'country of origin taxation' — on 1 January 1987.

Rates. There is a good deal of economic evidence to show that substantial tax differences lead to significant trade diversion. It includes consumer behaviour on the Danish-German and Irish-UK borders and sales of motor fuel and alcoholic beverages in Luxembourg. There is a need, therefore, to provide for a degree of approximation in rates and coverage so as to avoid trade distortions. Consequently, there will be, as from 1 January 1993:

(i) a dual-rate structure, comprising a standard rate and one or two reduced rates for certain items meeting social or cultural needs. The higher rates will be abolished where they exist;

(ii) a standard rate, to be set at 15 % or above; and

(iii) one or two reduced rates, to be set at 5 % or above.

In anticipation of the formal adoption of these measures the gap between the Irish and UK rates has shrunk from 10 % to 3.5 % in just over a year, a truly remarkable convergence. Luxembourg, meanwhile, has moved its standard rate from 12 % to 15 % at one go.

Excise duties

Some goods are subject to both VAT and excise duty. The most important excise duties are those on tobacco, alcohol (in its various forms) and mineral oils. Action on these duties at Community level will be needed to ensure movement and fair competition. Measures to be adopted shortly will establish a common fiscal coverage for these three product groups and set minimum rates of duty for the various products within each group.

After 1992, excise duty becomes payable when goods are released to retail outlets for consumption. During the production and wholesale stages, duty is suspended as long as goods are held in authorized tax warehouses, or are being moved between them. Goods in movement must be accompanied by an administrative or commercial document certifying their tax status. Additional control measures include close cooperation between national excise authorities and, at the Member State's option, the use of tax stamps.

Freedom for consumers in the EC

In the single market consumers will be free to buy goods, tax paid, in another Member State and bring them home without being taxed again, at the border or anywhere else. The current limit of ECU 600 will end after 31 December 1992. This, clearly, is one of the biggest benefits of the single market. It will be limited, however, to goods bought for private use and not for resale. Nor will it apply to the purchase of new vehicles (see above).

The same rule will apply to goods subject to excise duty: duty will be charged in the country of purchase. The tax authorities will be entitled to satisfy themselves as to the private character of the purchase, but not by means of border checks. They will take into account such factors as the commercial status of the person in question, the location of the goods, the type of transport used, the nature of the product and the quantity purchased.

As regards quantities, purchases below certain indicative levels (e.g. 800 cigarettes or 10 litres of spirits) are treated as being for private use. A consumer purchasing larger quantities may have to convince the tax authorities that the purpose is indeed private — a daughter's wedding, for example.

As duty-free sales are based on the act of exportation, they should not be available, in theory, for travel within the single market. In practice intra-Community travellers will continue to enjoy them until 30 June 1999. The duty-free allowance will be the same as that granted to travellers coming from non-EC countries.

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[1] This article has been prepared for *Target 92* by staff of Directorate-General XXI (Customs and Indirect Taxation) of the European Commission, Brussels.

[2] Integrated tariff database — Taric 2; binding tariff information; management of tariff suspensions and ceilings — Quota.

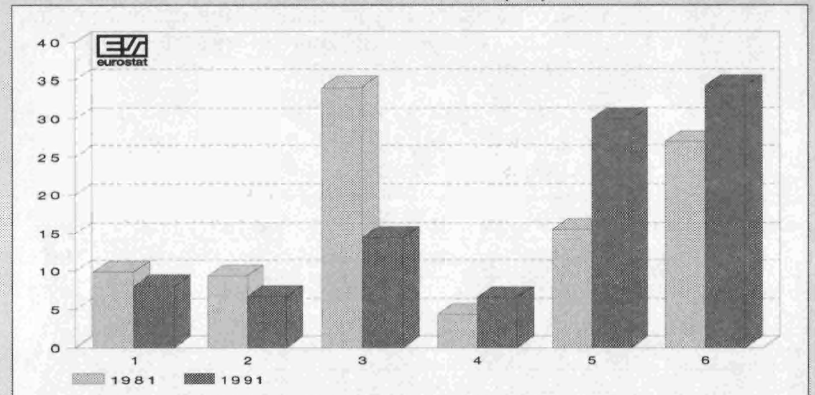
Key figures

eurostat
Statistical Office of the European Communities, L-2920 Luxembourg, Tel. 4301-4567

The Community's external trade

Community purchases

Breakdown by product of extra-Community imports, 1981 and 1991 (%)



1 = Food, beverages and tobacco; 2 = Raw materials; 3 = Fuel; 4 = Chemicals; 5 = Machinery and transport equipment; 6 = Other industrial products.

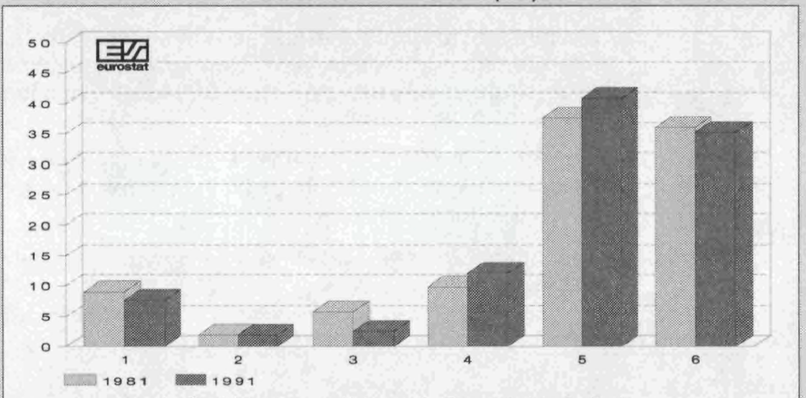
Between 1981 and 1991, there were major changes in the types of goods purchased by the Community in favour of industrial products.

The share of food and raw materials declined – and even more so that of fuels, which plummeted mainly because of price fluctuations and energy-saving policies.

Purchases of machinery and transport equipment virtually doubled, from 15.5 to 30% of total Community imports.

Community sales

Breakdown by product of extra-Community exports, 1981 and 1991 (%)



1 = Food, beverages and tobacco; 2 = Raw materials; 3 = Fuels; 4 = Chemicals; 5 = Machinery and transport equipment; 6 = Other industrial products.

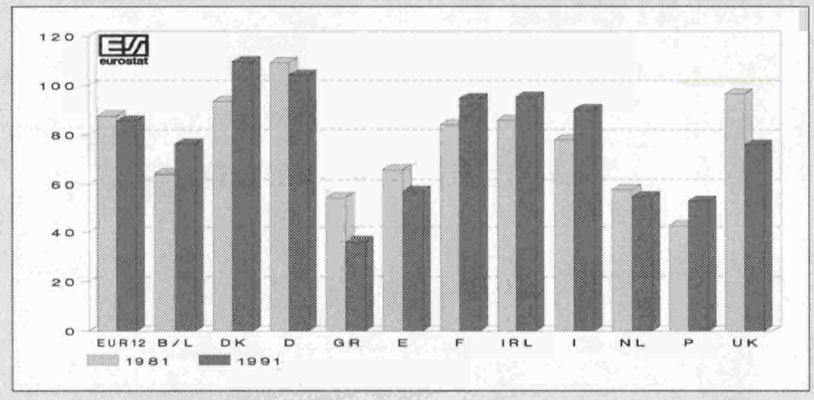
The structure of Community exports remained relatively stable over the reference period.

There was a drop of one percentage point in the share of exports accounted for by food products, while the share of fuels fell by around 50% from 5.7 to 2.5%.

Industrial products moved up from 83 to 88% of total Community exports.

The trade balance

Extra-Community trade – coverage figures (Exports/imports), 1981 and 1991 (Portugal and Spain: 1984 and 1991), (%)



The Community is running a trade deficit, with exports covering only 85.8% of imports in 1991 (as against 87.8% in 1981).

Only two countries are producing a surplus, namely Germany, although with a fall in the cover rate from 109.5 to 104.3%, and Denmark (93.3% in 1981 but 109.9% in 1991).

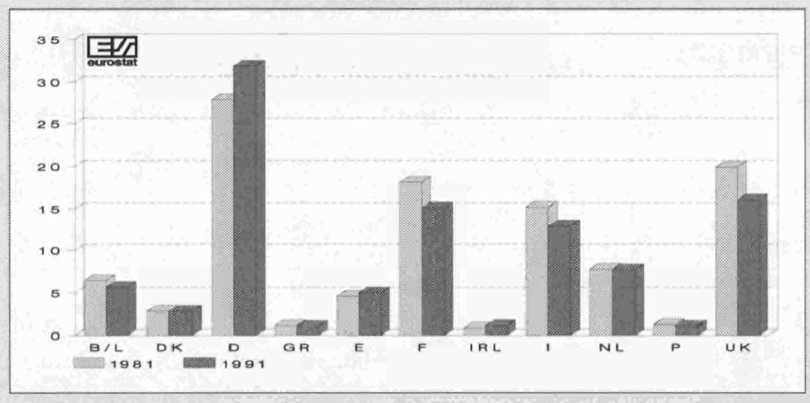
In 1991, the lowest cover rates were for Greece and Portugal, with Portugal's figures improving whilst those of Greece deteriorated.

Extra-Community coverage figures (exports/imports), 1981 and 1991 (Portugal and Spain: 1984 and 1991), (%)

	EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
1981	87.8	64.0	93.3	109.5	54.6	65.4	84.2	86.1	77.9	57.8	42.8	96.5
1991	85.8	76.3	109.9	104.3	36.2	57.2	94.6	95.2	90.0	54.9	53.0	75.8

The breakdown of extra-Community trade

Member States' shares of extra-Community trade, 1981 and 1991, (Portugal and Spain: 1984 and 1991), (%)



Despite the fact that it already accounted for 27.8% of total Community trade in 1981, Germany has become even stronger with almost 32% in 1991. This was the only substantial increase.

In contrast, the United Kingdom, France and Italy have all seen their shares decline, with the sharpest fall for the United Kingdom.

The other Member States' shares stayed relatively stable.

Member States' shares of extra-Community trade, 1981 and 1991, (Portugal and Spain: 1984 and 1991), (%)

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
1981	6.5	2.8	27.9	1.1	4.6	18.1	0.8	15.2	7.8	1.2	19.9
1991	5.7	2.8	31.8	1.0	5.0	15.1	1.1	12.9	7.7	1.0	16.0

■ Protected labels of origin

Agricultural and food products which are traditionally associated with a locality, region or — exceptionally — an EC country will enjoy special protection in the single European market, thanks to two 'laws' adopted by EC ministers on 13 July. The 'protected label of origin' will go to those products for which the place of production is essential; the others will benefit from the 'protected place of origin'.

☐ BRIEFLY

The EC Council of Ministers adopted on 30 June and 14 July two directives which abolish most of the border checks on **live animals and products of animal origin** from 1 July 1992. At the same time the checks at the place of origin are strengthened, while the remaining border checks will disappear on 1 January 1993. As for the import of animals and animal products from non-EC countries, the Twelve decided on 14 July to computerize the formalities.

The **single market in cars, trucks and tractors** is ready for 1 January 1993: EC ministers adopted definitively on 19 June the Community procedure for the authorization of new, mass-produced models. This Community homologation rests on the total harmonization of standards. On 30 June the Twelve adopted the same measures for motorized bikes and motorcycles, with or without a side-car. Manufacturers will be able to opt for national homologation until 31 December 1995.

The **single market in stocks and shares** has come closer to becoming a reality thanks to an agreement among EC ministers on two 'European laws' on 29 June. One of the two seeks to ensure the solvency of investment firms and banks, the other to provide these firms with a 'European passport'. The second of these two laws was adopted only in broad outline. Both laws have yet to come before the European Parliament.

European diploma holders who have completed secondary school, or less than three years of studies following a course of 'A' levels, will have their **vocational training** recognized in the other EC countries. EC ministers adopted on 19 June a system of mutual recognition of such training, thus completing the measures already adopted for training lasting three years and more.

On 24 June EC ministers adopted definitively **three pieces of social legislation** for the single market. The first, which will come into force on 31 December 1993, deals with minimum safety and health requirements at temporary or mobile work sites. The second introduces European signs at the workplace; it will come into force by 24 June 1994 at the latest, as will the third law, which relates to the information for and consultation of workers in the event of collective redundancies by a European group.

In order to **combat piracy** in the single market, EC ministers reached agreement on 18 June on measures to assure authors, performers and film and record producers the exclusive right to authorize or ban the rental or loan of their works. These measures must come before the European Parliament before their adoption.

On 1 July the European Commission announced it had selected 555 projects for **cooperation between universities and businesses** in the framework of Comett (Community programme for education and training in technology). Thanks to Community funding of ECU 55 million (ECU 1 = UKL 0.71 or IRL 0.77), some 6 900 students will be able to undergo six months' training in a company located in another European country.

EC ministers decided on 19 June to develop **European statistics on services** in 1992 and 1993. A programme with a budget of ECU 8.5 million will make it possible to set up a reference framework and a system of European information in this field.

As from 1 January 1993 **tinned tuna and bonito** sold in the Community will have to meet the marketing standards adopted by EC ministers on 9 June.

To facilitate the harmonization of their asylum policies — and the consequent elimination of border checks — EC ministers decided on 11 June to set up a **Centre for Information and Research and Exchanges in the Matter of Asylum**. The Centre will be a part of the services of the EC Council of Ministers.

INITIATIVES

● Transport networks for the single market

In order to encourage the creation of effective transport networks at the level of the single market, by filling in missing links and eliminating bottlenecks, with the Community's financial support, the European Commission proposed on 10 June a set of measures covering three areas: roads and motorways; combined road/rail and rail/navigable waterways transport and, finally, internal navigable waterways — rivers and canals. The Commission has drawn up guidelines, which take the form of European maps of the infrastructure needed for the single market. In order to have the Community finance a part of this infrastructure, the Twelve will have to submit projets which conform to the infrastructure maps, but they will retain total freedom of choice. At the same time the Commission has asked the Twelve to extend the current European programme of support for transport infrastructure until the Treaty of Maastricht comes into force. This programme expires at the end of this year.

● For an end to MCAs

MCA is the acronym for monetary compensatory amounts. This uncouth term refers to the sums to be paid at the EC's internal frontiers, in order to compensate for the differences between the normal rates of exchange and the 'green' rates used to calculate European agricultural prices. As these MCAs involve checks at the Community's internal frontiers, the European Commission proposed on 8 July their elimination, in order to make possible the elimination of checks from 1 January 1993.

○ BRIEFLY

In order to ensure the free movement of **foodstuffs 'invented' by the biotechnologists**, and at the same time effectively safeguard the health of consumers, the European Commission proposed to the Twelve on 8 June a system of verification and authorization. It would come into force as from 1 January 1993.

On 27 May the European Commission asked **car manufacturers** operating in the Community to remind their dealers in writing of EC rules regarding 'border-free' purchases, and to publish comparative price lists at the Community level. Their response will decide the Commission's attitude towards the present system of sales through dealers, which the Commission authorized for a 10-year period in 1985.

The European Commission adopted on 24 June guidelines regarding **company taxation** in the single market. While rejecting extensive harmonization, it advocates offering small businesses the choice of tax on companies (see our next issue for details).

SEEN FROM ABROAD

▶ The candidates begin to adapt

Countries seeking to join the EC are continuing to adapt themselves to the single market. Thus the Swiss Federal Government adopted on 2 June a series of laws, designated 'Eurolex', which must come into force on 1 January 1993. The goal is to ready the country for the European Economic Area (EEA), which is envisaged for that date between the European Community and the European Free Trade Association (Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland). Eurolex has to do simultaneously with the free movement of persons, customs, alcohol, agriculture, energy, the environment and yet other sectors. Finland, for its part, wants to liberalize investments completely by the end of the year. Its deputy prime minister, Pertti Salolainen, made an announcement to this end in London on 8 June. As for Cyprus, its government introduced VAT on 1 July on all products and services, with the exception of foodstuffs, medicines, books and newspapers.

Europartenariat: more than 1 500 companies at a rendezvous in Thessaloniki (Greece)

Establish direct contacts between small and medium-sized enterprises (SMEs); encourage cooperation agreements in the commercial, financial or technological fields; activate the local potential of a disadvantaged region and stimulate productive investments — these are the objectives and methodology of Europartenariat, which, since 1988, has been inviting SMEs from all over Europe to meet their counterparts from a given disadvantaged region.

The first 1992 Europartenariat event was held in Thessaloniki, in Greece), on 22 and 23 June. It was a considerable success, with more than 1 100 businessmen from other EC countries taking part. Over 5 200 contacts were made between businessmen, and numerous cooperation agreements are already on the horizon. The two days of meetings enabled some 400 Greek businessmen to establish contacts and meet more than 1 000 businessmen from all over the Community and Central and Eastern Europe. Not only Bulgaria and Romania but also Hungary and Poland sent large delegations to Thessaloniki.

Europartenariat makes it possible to organize direct business contacts, and companies and regions of the EC and third countries are showing a growing interest in it. A second Europartenariat event will be organized this year, at Bari, in southern Italy, on 3 and 4 October. Some 400 companies located in the Mezzogiorno have been chosen, and their cooperation proposals will be published in a catalogue, to be widely distributed this autumn, in all EC countries and in other European countries, with a special emphasis on countries on both sides of the Mediterranean.

Euro-info-centres: widening and deepening

The network of information centres for small and medium-sized enterprises — the Euro-info-centres — created by the European Commission, held its third annual meeting at Funchal (Madeira), on 12 and 13 June.

During 1991 the 210 Euro-info-centres dealt with some 250 000 questions, covering all areas of Community activity. But the network is changing. Numerous Euro-info-centres are now running sub-networks, which currently represent more than 800 relays within the EC. In addition, the network is opening up more and more to third countries. Correspondence centres (one per country) are now operating in Poland (Warsaw), Austria (Vienna) and Czechoslovakia (Prague). Finland (Helsinki), Norway (Oslo) and Switzerland (Zurich) have already identified the bodies which will house a correspondence centre, and received the Commission's agreement. Hungary will shortly follow suit.

Euromanagement: standardization and certification audits

In order to benefit from the single market, small and medium-sized enterprises and craft firms will have to meet the new European requirements as regards standardization, certification and quality. To help them the European Commission (Directorate-General XXIII — Business policy) has decided to launch a pilot action — Euromanagement — covering standardization, certification, quality and safety.

This pilot action will be operational as from this autumn. At its heart are some 50 consultants or technical advisers, selected through a tendering process. They are spread out over all 12 EC countries and will follow a common methodology, prepared by a specialist firm. Each of the consultants will visit 10 to 15 SMEs, in order to assess their problems and needs and to decide on the necessary course of action in the fields of standardization and certification. The Commission will meet half the costs of these audits. The balance will be financed at local, regional or — exceptionally — national level, and will be private, public or mixed in character.

Feasibility premiums and cooperative research activities

The Brite/Euram II programme (specific programme of technological research and development in the fields of industrial technologies and materials) offers small and medium-sized enterprises two possibilities: a feasibility premium and cooperative research activities (Craft). The feasibility premium is a grant given to independent SMEs established in the EC. It is meant to cover up to 75 % of the costs — with a maximum of ECU 30 000 — of research carried out in order to verify the feasibility of an idea, a procedure or a new material, thus demonstrating to potential partners that the SMEs can make a useful contribution to Brite/Euram research projects.

The cooperative research activities (Craft) enable several companies, particularly SMEs, established in at least two different EC countries and facing a common technical problem, to join forces and entrust the task of conducting the research needed to solve their problem to a university, research institute or company. The Community's financial contribution will amount to half the total costs.

SMEs interested in taking advantage of these two facilities should submit their proposals at any time before December 1993. They should be sent to the Commission of the European Communities — DG XII/C — Brite/Euram — rue Montoyer, 75 — B-1040 Brussels, Belgium. Telephone: 295 23 45, Fax: 295 80 46.

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