

# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">1995/2193(COS)</a>	Procedure completed
Single Market: report 1994		
Subject 2 Internal market, single market		

Key players			
European Parliament	Committee responsible		Rapporteur
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy		Appointed 14/09/1994
			ELDR <a href="#">WATSON Sir Graham</a>
	Committee for opinion		Rapporteur for opinion
	<b>AGRI</b> Agriculture and Rural Development		Appointed 19/07/1995
			EDN <a href="#">POISSON Anne Christine</a>
	<b>BUDG</b> Budgets		19/07/1995
			PPE <a href="#">CHRISTODOULOU Efthymios</a>
	<b>ENER</b> Research, Technological Development and Energy		
	<b>RELA</b> External Economic Relations		20/07/1995
Council of the European Union			PPE <a href="#">TOIVONEN Kyösti</a>
	<b>JURI</b> Legal Affairs, Citizens' Rights		The committee decided not to give an opinion.
	<b>TRAN</b> Transport and Tourism		
	<b>ENVI</b> Environment, Public Health and Consumer Protection		The committee decided not to give an opinion.
	<b>LIBE</b> Civil Liberties and Internal Affairs		17/07/1995
			UPE <a href="#">CACCAVALE Ernesto</a>

Key events			
15/06/1995	Non-legislative basic document published	COM(1995)0238	Summary
10/07/1995	Committee referral announced in Parliament		
17/10/1995	Vote in committee		Summary
17/10/1995	Committee report tabled for plenary	<a href="#">A4-0249/1995</a>	

14/11/1995	Debate in Parliament		Summary
15/11/1995	Decision by Parliament	T4-0545/1995	Summary
15/11/1995	End of procedure in Parliament		
04/12/1995	Final act published in Official Journal		

### Technical information

Procedure reference	1995/2193(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/06786

### Documentation gateway

Non-legislative basic document		COM(1995)0238	15/06/1995	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0249/1995</a> <a href="#">OJ C 308 20.11.1995, p. 0004</a>	17/10/1995	EP	
Text adopted by Parliament, single reading		T4-0545/1995 <a href="#">OJ C 323 04.12.1995, p. 0027-0051</a>	15/11/1995	EP	Summary
Economic and Social Committee: opinion, report		<a href="#">CES1310/1995</a> <a href="#">OJ C 039 12.02.1996, p. 0070</a>	22/11/1995	ESC	Summary

## Single Market: report 1994

The main message which the Commission wishes to convey in this second annual report on the single European market is that, as a whole, the single market is working but that a great deal still needs to be done in order to make the single market a truly open area in which the free movement of people, goods, services and capital becomes a tangible reality. An effort must therefore be made to comply with existing Community rules, strengthen the application of the principle of mutual recognition of national legislation and speed up the adoption of legislative measures still needed, which are relatively few in number. The main priority fields of action over coming years should include: - completing the single market for citizens, so that they feel the benefit of European integration on a daily basis; - introducing total freedom of movement for people by abolishing border controls within the Union; - continuing the harmonization of tax legislation; - improving the working of the single market for the benefit of companies, especially in the area of company law and intellectual property rights; - action to promote the standard application of Community law, including improving access to justice and defining effective penalties in cases of infringement; - preparing a suitable basic regulatory framework for services in connection with the information society; - liberalizing public utility services; - helping CEECs to adapt to the requirements of the single market (preparing a White Paper).?

## Single Market: report 1994

The committee adopted the report by Mr Graham R. WATSON (ELDR, UK) on the single market in 1994. The report addressed the most significant problems that were obstructing the realization of the single market and, as a result, distorting competition: - the mutual recognition principle was often not observed in the Member States; - public procurement practices had barely changed since the sector was liberalized; - no steps had been taken to harmonize provisions in important areas of taxation; - environmental regulations differed; - controls on individuals at internal borders had not been completely removed; - it was difficult to enforce single market rules and gain access to justice in cases of infringement; - excessive bureaucracy was imposed on businesses; - national governments engaged in practices which ran counter to the Community standard. The report called for greater compliance with legislation governing the internal market and for the provision of sanctions. In addition, the measures taken by national administrations to transpose Community legislation were sometimes excessive, thereby complicating regulations, impairing their efficiency and increasing the constraints on enterprises. However, deregulation alone was not the answer. The report underlined the need to develop a human dimension and approved the implementation of a strong competition policy.?

## Single Market: report 1994

The rapporteur regretted that the Council had made little progress towards achieving the single market in 1994. Mr WATSON highlighted the most significant problems that were obstructing the realisation of the single market and, as a result, distorting competition: - the mutual recognition principle was often not observed in the Member States, - public procurement practices had barely changed since the sector was liberalised, - no steps had been taken to harmonise provisions in important areas of taxation, except in the case of VAT, - environmental regulations differed, - controls on individuals at internal borders had not been completely removed, - excessive bureaucracy was imposed on businesses, particularly SMEs, - national governments engaged in practices that ran counter to the Community standard. Moreover, the measures taken by national administrations to transpose Community legislation were sometimes excessive, thereby complicating regulations, impairing their efficiency and increasing the constraints on enterprises. However, deregulation alone was not the answer. Commissioner MONTI stated that the single market was the driving force behind European integration, on the one hand because it was the aspect of European integration that the citizens were most aware of, and on the other hand because it was the basis for European growth. He anticipated that the next Commission report for 1995 would be forwarded to Parliament well before this year's deadline. It would contain a chapter on the relationship between the internal market and the environment and would in general provide as inclusive a view as possible of the market itself. The Commission had been working for 10 months on: a) completing the single market (a term that Mr Monti preferred to internal market, which was too insular), in terms of both legislation, in relation to the free movement of persons or the tax system, and infrastructures, for example the trans-European networks; b) applying effectively the existing measures for the implementation of the single market, establishing a 'complaints' office in each Member State for example; c) expanding the market, notably to the CEECs and to Cyprus and Malta; d) protecting the market by combating competitive devaluations and ensuring that if a 'two-speed' EMU were established there would be no other divisions within the market; e) placing the citizens at the heart of the single market by providing them with better information on their rights through the implementation of the 'Citizens First' initiative.

## Single Market: report 1994

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The European Parliament adopted the report by Mr Graham WATSON (ELDR, UK) on the single market in 1994. \* State of the single market: whilst welcoming the realistic tone of this second report and the information it contained, the European Parliament pointed out the most significant problems that were obstructing the realisation of the single market and, as a result, distorting competition: - the mutual recognition principle was often not observed in the Member States, - public procurement practices had barely changed since the sector was liberalised, - no steps had been taken to harmonise provisions in important areas of taxation (excise duties, tax treatment of savings and company taxation), and only limited steps in the case of VAT, - environmental regulations differed according to the Member States, - controls on individuals at internal borders had not been completely removed, - it was difficult to enforce one's rights and gain access to justice in cases of infringement of single market rules, - excessive administrative bureaucracy was demanded of businesses, particularly SMEs. Parliament highlighted that the failure to achieve the single market in sectors such as alcohol and tobacco had opened up new opportunities for organised crime, and called for greater respect for internal market legislation and the application of penalties in cases where Community law was not complied with. Furthermore, the EP regretted the excessive measures taken by national administrations to transpose Community legislation, but rejected an approach to this problem based on deregulation alone, which could lead to the erosion of social, environmental and consumer protection standards. \* External aspects: the European Parliament emphasised, in particular, the significant implications of the completion of the single market for the Union's external economic relations and considered that it could provide useful experience for the future development of the multilateral trading system. It called on the Member States to repeal Article 115 of the Treaty, which was inconsistent with, and no longer operational within, the single market. Finally, it called on the Commission to improve customs cooperation to combat the increase in fraudulent import activities, particularly at the Union's eastern border. \* Requirements for the future: the EP called for proposals to be brought forward and adopted in the following areas: - the harmonisation and strict application of penalties for infringement of Community laws; - the scrupulous application of rules governing public procurement and collection of the relevant statistics; - the application of the principle of subsidiarity to taxation; - the extension of the scope of the Schengen agreement to cover the entire Union; - the improvement of administrative cooperation with a view to lowering barriers to trade. Parliament underlined the need to develop a human dimension in parallel to the technical side of the internal market (particularly as regards social issues) and approved the implementation of a strong competition policy. Finally, it called for: - urgent measures with regard to VAT (insisting on the country of origin principle for VAT), - the harmonisation of the consumption tax rates on oil products, tobacco and alcohol, - uniform taxation of investment income, - the application of single market principles to the energy sector, - efforts to find a solution to the problem of financing trans-European networks, - comprehensive mutual recognition of professional qualifications, particularly university qualifications, - the simplification and de-bureaucratisation of procedures for the formation of companies and establishment of self-employed businesses. ?

## Single Market: report 1994

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The ESC welcomed the Community institutions' recognition of the role of the economic and social interest groups - and particularly the Single Market Observatory set up by the ESC - contributing to the analysis of, and providing a direction for, work to complete the single market. It invited all European socio-economic interest groups to participate directly in the evaluation of the single market and to convey to the ESC any information that could be of use in helping to improve it. In spite of the considerable progress made since the publication of the 1985 White Paper, the ESC noted that the Commission report also made it clear that the single market was still incomplete. Concerned about the growing difficulties associated with the adoption of the final pieces of single market legislation, in contrast to the general speeding-up of issues affecting the Union, the ESC urged the Member States and the Community institutions to agree to make every effort to round off the necessary outstanding legislation - about thirty separate instruments - between now and the 1999 deadline for economic and monetary union. A list of the principal measures to complete the single market was attached to the Opinion. The 1996 Intergovernmental Conference should examine how qualified majority voting on questions vital to the single market could be extended, particularly in respect of free movement of persons, customs cooperation, environmental protection and intra-Community taxation. The ESC also pointed to the need to bolster the application of measures by introducing better monitoring, underpinned, at all levels, by effective sanctions. The correct application of single market rules also required the provision of a tighter framework for national exemptions from the principle of free movement, the extension of mutual recognition and the introduction of harmonisation in respect of national customs services. Finally, the ESC stressed the importance of the need to create, apart from provisions to loosen up trade and to ensure that they were correctly applied, a true force for convergence to relieve the pressures and imbalances that were caused both by the incomplete single market and the remoteness of economic and monetary union. Among other things, this would require increased economic and social convergence, better use of the Structural Funds, adjusting competition policy in line with the new realities of the opening-up of international markets, while at the same time actively preparing the countries of Central and Eastern Europe for their participation in the single market.

