**Opinion on the**

- **communication from the Commission to the Council on the strengthening of the internal market (*)**
- **draft Council resolution on the easing of the formalities relating to checks on citizens of Member States at the Community's internal frontiers (**)**
- **proposal for**
  - **a Council Regulation simplifying customs formalities in trade within the Community**
  - **a Council Regulation amending Council Regulation (EEC) No 2102/77 introducing a Community export declaration form**
  - **a Council Regulation amending for the fifth time Regulation (EEC) No 222/77 on Community transit (***)**

## A. LEGAL BASIS FOR THE OPINION

On 27 July 1982 the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

## B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its opinion on the above matter at its 205th plenary session held in Brussels on 23 and 24 February 1983.

The full text of the opinion is as follows:

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(*) The text of the 'communication' referred to the Committee has not yet been published in the *Official Journal of the European Communities.*

(**) The text of the 'resolution' referred to the Committee has been published in *Official Journal of the European Communities* No C 197 of 31 July 1982, page 6.

(***) The texts of the 'proposals' referred to the Committee has been published in *Official Journal of the European Communities* No C 203 of 6 August 1982, page 5.

THE ECONOMIC AND SOCIAL COMMITTEE,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 198 thereof,

Having regard to the request made by the Council of the European Communities on 27 July 1982 for an opinion on the

- communication from the Commission to the Council on the strengthening of the internal market
- draft Council resolution on the easing of the formalities relating to checks on citizens of Member States at the Community's internal frontiers
- and the proposals for
  - a Council Regulation simplifying customs formalities in trade within the Community
  - a Council Regulation amending Council Regulation (EEC) No 2102/77 introducing a Community export declaration form
  - a Council Regulation amending for the fifth time Regulation (EEC) No 222/77 on Community transit,

Having regard to the decision taken by its Bureau on 13 October 1982 instructing the Section for Industry, Commerce, Crafts and Services to draw up an opinion and report on the matter,

Having regard to the opinion adopted by the Section for Industry, Commerce, Crafts and Services at its 89th and 90th meetings on 5 January and 2 February 1983,

Having regard to the oral report made by the rapporteur, Mr Broicher,

Having regard to the discussions on 24 February 1983 during the 205th plenary session held on 23 and 24 February 1983,

Having regard to the presidency's conclusions on the proceedings of the European Council held in Copenhagen on 3 and 4 December 1982,

Whereas the Rome Treaty objective of ensuing economic and social progress by common action to eliminate the barriers which divide Europe remains as valid as ever;

Whereas the intensive efforts of the European Parliament, the Commission and the ESC to remove these barriers have often been nullified by the inaction of the Council and, 25 years after the founding of the EEC, a great number of these barriers thus still remain in force and have been further reinforced by national protectionist measures and technical trade barriers;

Whereas individuals moving between EEC Member States, whether for work or leisure, still encounter major administrative and legal obstacles which are clearly in conflict with the broad political, economic and social aims of an ever closer union among the peoples of Europe;

Whereas these barriers conceal and misrepresent the real and substantial measures taken to increase the degree of interdependence and integration between the countries of the European Community;

Whereas these barriers are nonetheless a serious and costly obstacle to economic and social development and hinder optimal advantage being taken of the potential economies of scale and specialization in a true European market;

Whereas the weakness of certain sectors of European industry in both European and world markets, and the accompanying loss of job opportunities, is to a significant extent attributable to the incomplete nature of the common market and the absence of appropriate common policies,

HAS ADOPTED THE FOLLOWING OPINION

with 2 votes against and 2 abstentions:

## 1. Introduction

1.1. The Commission has transmitted a package of proposals [1] concerning the internal market to the Council. These are to be regarded as part of a whole with the global objective of facilitating frontier controls of persons and goods and reinforcing the internal market. In its communication the Commission correctly points out that the formalities and checks at the Community's internal borders are virtually identical to those at its frontiers with non-member countries, thereby imposing unnecessary costs on the business community.

1.2.1. The Commission, in its communication to the Council of 8 July 1981 on the internal market, has tried to quantify the impact of these barriers to trade and arrives at an estimated added cost to the EEC economy of 5 to 10 % of the value of intra-Community trade. Mr Basil de Ferranti, MEP, in a statement to the House of Lords' Select Committee on the European Community, put the cost to companies involved in intra-Community trade of crossing those borders which still exist between the member countries, at 12 billion ECU — i.e. about the same annual cost as the agricultural fund.

1.2.2. In road haulage alone (excluding administrative costs, customs clearance and audit) the Advisory Committee on Transport in a report to the Commission in April 1982 estimated the unnecessary frontier transit costs at 370 million ECU annually. Although these figures are only broad estimates and should be treated with all due caution the Committee cannot but agree with the Commission that present formalities and controls at the internal frontiers impose excessive and unnecessary costs on industry with consequent negative effects upon its competitivity *vis-à-vis* third countries. Moreover the cost and complexity of these formalities

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[1] — Communication on the internal market,
— Checks on citizens at internal frontiers (OJ No C 197, 31. 7. 1982, p. 6),
— Community export declaration form (OJ No C 203, 6. 8. 1982, p. 5),
— Deferred payment of VAT (OJ No C 203, 6. 8. 1982, p. 11),
— Frontier crossings in trade between Member States.

are a major hindrance to many firms, in particular SME's, preventing them from exploiting their full potential and taking advantage of the opportunities in the EEC for greater international specialization through expansion beyond the frontiers of their home country.

1.3.1. The Committee is, like most other responsible authorities at both Community and national level, extremely concerned about the growth of unemployment, the recent decline in total employment and the lack of competitiveness of many sectors of the Community's economy. It considers that in response to these problems the first step must be to re-stimulate the economy and that the Community and its Member States must in the first instance rely on their own coordinated efforts to do this.

1.3.2. It is the Committee's deeply-held conviction that such efforts will not have the desired effects, and will not produce long-lasting solutions to the deep-seated economic and social problems facing the peoples of Europe, and in particular the problem of unemployment, unless they are placed firmly in the Community context. An essential element within this context is the achievement of a real, effective and meaningful common market. Steps to complete this common market and particularly the abolition of technical trade barriers and administrative and transport barriers are an urgent and vital part of a European strategy for economic and social regeneration.

1.3.3. Such a strategy will have to be based on strengthening industries and services, and thus creating viable, permanent jobs. If these aims are to be achieved, the scope of Community policies will have to be widened.

1.3.4. Action on all the above measures is urgent, for the longer corrective action is delayed, the more intractable the problems will become.

1.4.1. In its conclusions from the Copenhagen meeting of 3 and 4 December 1982, the European Council agreed not only to support the abovementioned measures but to demand that a time scale for these actions should be established; in this context it specifically instructed the Council 'to decide, before the end of March 1983, on the priority measures proposed by the Commission to reinforce the internal market'.

1.4.2. The Committee endorses the conclusions of the European Council of 3 and 4 December 1982. It supports the Commission's proposals subject to the reservations below. The Committee also urges the Council to lose no time in attending to the proposed additions to the text set out in the communication, some of which have been on the table for years.

## 2. General comments

2.1. The communication refers repeatedly to the European Parliament's resolutions calling for further relaxation of formalities at the Community's internal frontiers. Surprisingly however, it ignores similar proposals and recommendations made by the Economic and Social Committee, which has always in the past supported any measures designed to reinforce the Community's internal market, for instance, in the own-initiative opinion of 21 November 1979 on the problem of trade barriers and the alignment of laws in this area [1], and the opinion of 28 April 1982 on the 1982 programme for the attainment of the customs union [2].

2.2. On the subject of checks on citizens at internal frontiers (**) the Committee attaches particular significance to the Council's request to the Commission 'to investigate other practical possibilities of further reducing the checks on citizens of the Member States at the Community's internal frontiers' (point 5 of the draft resolution).

2.3. Another possibility might be a significant increase in the quota of duty-free goods to which citizens are entitled when crossing internal frontiers. The real value of this has not been raised for years, and it has only been partially adjusted to inflation. The Committee accordingly considers it advisable to increase duty-free allowances, in order to remind citizens that the internal market is a reality. Duty-free allowances are governed by the various Council Directives [3] on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel.

2.4. The Committee welcomes draft Regulation (***) which is designed (a) to eliminate differences in national formalities in intra-Community trade and (b) to harmonize procedures by introducing a standard document for dispatch transit and home use of goods. In this connection, the Commission rightly complains

(1) OJ No C 72, 24. 3. 1980.
(2) OJ No C 178, 15. 7. 1982.
(3) Council Directive 69/169/EEC *et al.*

that intra-Community trade is still seen in terms of 'imports' and 'exports' both of which are regulated by customs procedures despite the fact that customs duties have been abolished within the Community.

The introduction of a standard document should help to reduce the costs of formalities and thus make goods more competitive, an important consideration particularly for small and medium-sized firms. At all events, certain ambiguities in the draft Regulation will have to be removed if the desired objective of streamlining intra-Community trade is to be achieved.

3. **Specific comments**

*COM(82) 400 fin.* (**)

3.1. The Committee feels that the point raised in 2.3 should be specifically mentioned in the series of measures.

*COM(82) 401 fin. — Article 4* (***)

3.2. Article 4 merely proposes that the single document be introduced. The actual lay-out of the document is to be decided on later. Such separation is illogical. Any assessment of the proposal's feasibility and practicability will largely hinge on the extent to which the proposed single document can be used. The format is of course crucial in this connection and it is here that the real difficulties lie. The Committee is in the process of examining the proposed detailed specimen, and intends to issue an opinion on this in the near future. However, the Committee feels that the following aspects deserve particular attention.

3.2.1. The forms currently used in intra-Community trade have a significant number of national features which are geared in particular to national statistical requirements. The data on the new form must be kept to an absolute minimum. Otherwise it will be impossible to devise a viable single document.

3.2.2. The present documents contain information which is intended for the recipient only, and which cannot be made public. In using the single document care will therefore have to be taken to ensure that certain information appears only on certain copies.

3.2.3. The data on the single document should be cut down to the point where the document can be completed on an ordinary typewriter. In addition, the forms should be suitable for data-processing.

3.2.4. The Committee is pleased to learn that, contrary to its original intentions, the Commission now proposes to have the declaration designed in such a way that several items can be shown on it. This is necessary for a number of reasons, not least the retention of existing simplified formalities.

3.2.5. The second sentence of Article 4 (2) permits any Member State other than that in which the dispatch formalities were completed to require a translation of declarations into its official language. Although the format of the declaration — with the information given in a specific, code-numbered sequence with a legend — in theory makes translations superfluous, these may nevertheless be needed. The Committee fears that excessive use may be made of this provision so that a new document will always have to be supplied at the time of import, thereby entailing as much time and cost as the proposed measures would save. The Committee accordingly recommends that the sentence be re-worded in such a way as to preclude this difficulty.

*COM(82) 401 fin. — Article 10* (***)

3.3. Article 10 stipulates that the new rules should not jeopardize existing arrangements, and that simplified procedures, which have already proved to be highly useful and practical should remain intact. Article 10 (2) refers specifically to the simplified formalities between Belgium, Luxembourg and the Netherlands. The Committee believes it necessary to retain all similar clearance facilities between other Member States which help to cut down the number of documents and data. In the event of their being abolished, many firms would incur heavier personnel and material costs, and this would be a retrograde step. To avoid any ambiguity, it should be made absolutely clear that simplified national procedures will be allowed to stand.

3.3.1. At present, in cases where several consignments are cleared together, various Member States require only periodic block declarations and only one copy of the accounts and delivery documents for individual consignments. To require a separate single document for each individual consignment in such cases would be an unwarranted additional burden.

3.3.2. The proposed new rules must not interfere with the present special schemes which permit firms to notify

exports directly to the statistics offices of Member States (either on magnetic tape or computer print-outs). These arrangements must be retained if the aim is to create or maintain domestic market conditions within the Community, i.e. to improve the position of intra-Community trade *vis-à-vis* exports to third countries.

3.3.3. In addition, the loading lists appended to or forming the descriptive part of Community transit declarations for grouped consignments must be retained in order to obviate the need to complete a separate single document for each individual consignment. Otherwise intra-Community trade in Community products would be less-favourably treated than exports to non-Member countries.

4. The Committee is now drafting an opinion on specific aspects of the specimen single document. It firmly believes however that the concept of such a document deserves support. It therefore feels that steps must be taken to eliminate the abovementioned difficulties.

Done at Brussels, 24 February 1983.

*The Chairman*
*of the Economic and Social Committee*
François CEYRAC

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**Opinion on the proposal for a 14th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes — deferred payment of the tax payable on importation by taxable persons**

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 203 of 6 August 1982, page 11.

## A. LEGAL BASIS FOR THE OPINION

On 22 July 1982 the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Articles 99, 100 and 198 of the Treaty establishing the European Economic Community.

## B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its opinion on the above matter at its 205th plenary session held in Brussels on 23 and 24 February 1983.

The full text of the opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 99, 100 and 198 thereof,

Having regard to the Council's request of 22 July 1982 for an opinion on the proposal for a 14th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes — deferred payment of the tax payable on importation by taxable persons [1],

Having regard to the Committee chairman's decision of 16 August 1982 and the Bureau's decision of

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[1] OJ No C 203, 6. 8. 1982, p. 11.