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Resolution on the Commission's report on the single market in 1994 (COM(95)0238 - C4-0239/95)

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The European Parliament,

- having regard to the Commission's report on the single market in 1994 (COM(95)0238 - C4-0239/95),

- having regard to its resolution of 22 April 1994 on the Commission's 1993 report on the Community internal market ((OJ C 128, 9.5.1994, p. 476.)),

- having regard to Rule 145 of its Rules of Procedure,

- having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy and to the opinions of the Committee on Agriculture and Rural Development, the Committee on Research, Technological Development and Energy, the Committee on Culture, Youth, Education and the Media, the Committee on Civil Liberties and Internal Affairs, the Committee on Transport and Tourism, the Committee on External Economic Relations and the Committee on Budgets (A4-0249/95),

A. whereas the completion of the single market project, and its correct functioning, are crucial to the political credibility of the Union, to the competitiveness, ability to create employment and overall well-being of the Union's economy, to the competitiveness of the Union's businesses, especially small businesses, and to the welfare of the European citizen,

B. whereas there are a number of key areas in which the single market has not yet been completed, and others where the single market has been installed formally but is not working as it should, to the detriment of the people and industry of the Union,

C. whereas it is essential that the single market is perceived by enterprises of all sizes as being to their benefit,

D. whereas the European Parliament was among those calling for the institution of an annual report charting the progress made over the year towards completing the single market, the first of which reports appeared last year and dealt with 1993,

E. whereas this annual report should be a valuable tool for individuals, interest groups, businesses and public authorities seeking information on the state of completion of the single market, an evaluation of how the single market is being managed at the different administrative levels, guidance as to the interpretation of internal market rules, and examples of judicial decisions with an impact on the operation of the single market,

Content of the annual report

1. Welcomes this second annual report of the Commission on the single market in 1994 and in particular the more realistic tone that permeates it; notes that most of the additional information requested in Parliament's resolution on the first annual report (on the practical effects of internal market legislation on different sectors, a summary of the principal areas where problems remain, on Court of Justice rulings of particular relevance to the internal market, and at least a list of recent reports and surveys on its operation) are indeed included in the new report;

2. Considers that these improvements serve to make the annual report an even more useful tool for consumers, businesses and public authorities operating within the single market;

3. Feels, however, that future reports could usefully be expanded to include a discussion of the impact of the single market upon the environment, and of the ways in which EU policies for the

single market and for the environment are being integrated;

The state of the single market

4. Welcomes the Commission's assertion that, taken as a whole, the single market is working, but warns against underestimating the scale of the problems still outstanding;

5. Notes with alarm that the Council made little progress in 1994 in adopting certain important legislative measures, including the elimination of border controls on people (the unsatisfactory Schengen agreement came into force only in 1995), and that in other areas measures that have been adopted by Council are not being transposed and implemented at national level in accordance with the agreed timetables;

6. Considers that the most significant problems obstructing the realization of the single market are the following, all of which have the effect of distorting competition:

(a) the mutual recognition principle is often not observed in the Member States,

(b) public procurement practices in the Member States have barely changed since the sector was nominally liberalized,

(c) no steps have been taken to harmonize important areas of taxation (excise duties, tax treatment of savings and company taxation), and only limited steps in the case of VAT,

(d) the differing environmental regulations in the Member States; higher environmental standards should not, however, be seen as barriers to trade,

(e) the failure to complete the removal of controls on individuals at internal borders,

(f) the difficulty and expense of enforcing one's rights and gaining access to justice in cases of infringement of single market principles and provisions;

(g) the excessive bureaucracy demanded of businesses, which places a heavy burden on them, particularly in the case of small businesses;

7. Points out, in this connection, that the failure to complete the single market programme for certain sectors, e.g. alcohol and tobacco, has opened up new opportunities for the development of organized crime;

8. Points out also that proper enforcement of single market legislation is essential and that the present national systems of penalties that are applicable in the event of failure to fulfil commitments arising from Community law are inadequate;

9. Emphasizes that the single market will not be able to function properly until a single currency has been introduced;

10. Expresses its concern that certain decisions taken by the Commission and Council actually have the effect of diminishing the benefits of the single market for many consumers;

11. Strongly regrets that national administrations sometimes overimplement legal provisions adopted at Union level, thereby complicating regulations, detracting from their efficacy and increasing the burden on enterprises and bringing the EU into disrepute; rejects, however, any approach to this problem based on deregulation alone which may lead to the erosion of social, environmental and consumer protection standards;

12. Invites the Commission to coordinate with foresight its efforts to implement the single market with the work in progress in the framework of the WTO, in particular concerning the integration of environmental and social concerns in the global trade system;

13. Notes with concern that some national governments are continuing to engage in practices that are contrary to Community law on the single market and are obstructing the free movement of goods;

External aspects

14. Points out that the completion of the single market has significant implications for the external economic relations of the EU and invites all countries engaged in regional integration to ensure that the advantages of such processes are not limited to the internal markets but are also available for economic operators of third countries;

15. Notes that the single market has improved market access for third countries, and has given fresh impetus to regional integration in Europe as well as in other parts of the world;

16. Is of the opinion that the single market could provide useful experience for the future development of the multilateral trading system, especially for the further liberalisation of trade in services as well as in the field of protection of intellectual property, trade and environment, minimum labour standards, foreign direct investment and international competition policy;

17. Asks the Member States to repeal Article 115 EC which is inconsistent with and no longer operational within the Single Market;

18. Is concerned about the increase in fraudulent import activities, especially at the eastern border of the EU, due to the abolition of the internal borders, as a result of which the EU is losing hundreds of millions of ECU every year, and asks the Commission to improve the cooperation with and between the customs administrations of the Member States;

19. Welcomes the almost complete abolition of national import restrictions in the context of the completion of the single market and hopes that the few quotas remaining at EU level can be phased out in the near future;

Requirements for the future

20. Calls for proposals to be brought forward, and adopted, in the following areas:

- sanctions in Member States for infringements of single market laws should be harmonized and scrupulously applied, along the lines laid down in the 1995 French Presidency conclusions;

- existing rules governing public procurement should be strictly enforced and relevant statistics collected;

- the nature, incidence and scope of taxation, so important for the competitive environment, must be balanced with the principle of subsidiarity;

- the scope of the Schengen agreement must be extended to cover the entire Union,

- the Commission and Member States must intensify efforts to improve administrative cooperation to lower unjustifiable barriers to trade, and assistance must be afforded particularly to small enterprises seeking redress in cases of infringements of their rights;

21. Stresses that the social dimension should continue to be developed in parallel to the internal market, and regrets the unambitious nature of the social action programme presented by the Commission, and particularly the lack of new legislative proposals aimed at guaranteeing minimum labour standards;

22. Endorses the development of a strong competition policy at Union level, and stresses that this is not incompatible with an active industrial policy providing a framework for socially and environmentally sustainable industrial development;

23. Notes the Commission's intention to present guidelines for a definitive VAT system and calls for urgent action in this regard, notwithstanding the need for the most substantial consultation and preparation before any changes are introduced to the current system; insists however on the country of origin principle for value added tax;

24. Calls for harmonization of the consumption tax rates on oil and oil products, tobacco products and alcohol and alcoholic beverages;

25. Calls for uniform taxation of investment income;

26. Calls for efforts aimed at introducing single market principles to the market for energy supply to be intensified;

27. Welcomes the emphasis given in the Commission's report to the development of the Trans-European Networks, and strongly regrets that no solution has yet been found to allow the financing of the networks;

28. Strongly welcomes the Commission Communication to the Council and Parliament on the role of penalties in enforcing Community law in the single market area, as an initial policy statement on penalties in the single market area;

29. Welcomes the Commission's initiative in undertaking a thorough study of the effects of the single market programme on the different sectors of the economy, and seeks assurances that the results will be made public;

30. Draws attention in this regard to the request from industry for the introduction of a complaints bureau at the Commission to provide assistance to industry within a specified time limit;

31. Calls for the comprehensive mutual recognition of professional qualifications, especially in the non-academic field;

32. Calls for the simplification and de-bureaucratization of procedures for the formation of companies and establishment of self-employed businesses;

33. Instructs its President to forward this resolution to the Commission, the Council, and the governments and parliaments of the Member States.

