EDITORIAL COMMENTS

The Article 8B Report on completion of the Internal Market

When the White Paper on the Completion of the Internal Market was presented to the Milan European Council in June of 1985, no one could have predicted that by the end of 1988 a crucial – and probably irreversible – momentum would build making the prospects for achieving this market, within a reasonable period, as likely as it appears today. Indeed, there is widespread belief that this attempt at the further liberalisation of the common market will not grind to a halt and that the period of sluggish integration, experienced between 1975 and 1985, will be relegated to the past. The Community has regained a sense of direction and the average citizen of the Member States expects this Community to have a substantial impact on the way in which each Member State manages its economic and social affairs. Moreover, industry has shifted its investment focus to the wider market of Europe which will be achieved by the end of 1992. This development alone will provide a valuable stimulus to the European economy and pressure political decision-makers to abide by the central commitment made in the Single European Act, *viz.*, to form "an area without internal frontiers in which the freedom of movement of goods, persons, services and capital is ensured . . . ."

There is cause for a certain amount of satisfaction in the level of progress but no reason to be euphoric about the current state of the Community. This conclusion emerges from the recent report drawn up by the Commission on the progress made towards achieving the internal market within the time limit fixed in Article 8A. The purpose of this report, required by Article 8A of the Treaty, is to enable the Council to plan a balanced progression toward integration in all sectors concerned and as a consequence, to take all measures necessary for completing the programme within the specified period.

The recent "Article 8B Report" (November 1988) comes at the halfway point of the programme. The report indicates that approximately 90% of the total number of proposals, *i.e.*, 279 (the initial figure of 300 having been whittled down by grouping some proposals and eliminating others) have now been put before the Council. The Council's record in this respect is not impressive. At present, it has adopted one third of the total number of measures required. The tally rises to above 40% if the numeration includes the cases where the Council, through the adoption of "common positions", can be considered to have reached political agreement. This means that the Council has a great deal to do in the next two years. Although there are four years remaining, the Member States need sufficient time to transpose Community measures into national law. This effectively means that the Council must complete most of its work within the next two years which warrants an acceleration in the pace of decision-making.

In its report, the Commission states that in some areas progress has been very good, while in others, unacceptably poor. Advances were most notably made regarding the removal of technical obstacles to trade. In fact, of the Council's roughly 100 adoptions and common positions, some 70% relate to proposals linked to the technical barriers chapter of the White Paper. Technical regulations and standards made more progress than any other programme. In this field the new approach (of harmonisation for essential requirements and basic rules, mutual recognition of national legislation directed to identical aims) has clearly been successful. The Commission also notes important advances in four main areas; first, the services sector (in particular banking and insurance), second, the liberalisation of capital movements, third, the transport sector and finally in the area of public procurement. The Commission, however, voiced concern over the absence of progress relating to the harmonisation of indirect taxation. It repeats the, by now very familiar, argument that the removal of internal frontiers and of the controls which accompany them is unthinkable absent the removal of the fiscal justifications for such controls. There is simply no visible nor plausible alternative to a substantial measure of approximation of indirect taxation. It is disappointing to note the lack of progress in the area of Citizens' Europe. Here, the one bright spot of note has been the Council's agreement on the directive for a general system which makes the mutual recognition of higher education diplomas possible.

The draft directive to facilitate frontier procedures for travellers has made little progress. It has been impossible to make significant movement to secure a general right of residence for all Community citizens; yet in view of the expectations of ordinary citizens it is vital that the routines and mindless interference at border crossings of Community travellers (going about their legitimate business) comes to an end. As Jean Monnet once said "nous ne coalisons pas les états, nous unissons les hommes". It would be unacceptable if in 1993 the free movement of persons falls short of this goal, while goods flow freely. Yet this scenario is not fully beyond imagination.

A consensus has not been reached on common methods to combat drug trafficking, illegal acquisition and possession of firearms, terrorism, etc. ...

The Commission will shortly draft a directive to regulate asylum and refugee status, as well as other important sectors. In the interim, various aspects of these issues continue to be debated in a number of different fora, *i.e.*, the Pompidou Group, the Trevi Group and the Schengen Group. There is nothing to suggest that there is strength within the Community, when essential Community matters are discussed within disconnected bodies whose membership fails to include all Member States.

The Commission's report gives a realistic forecast and present analysis of the Community's status in that it shows that the completion of the internal market is a formidable yet highly rewarding task.

It would seem that the 1992 programme has a better chance of being achieved than the plans which were conceived during the early seventies to attain economic and monetary union by 1980. At that time, the Community miscalculated the number of difficulties it would encounter in an attempt to create a full-fledged common market. At the same time the possibility of bringing about economic and monetary union in the short term was underestimated. Today, economic and monetary union is not foremost on the agenda. It is argued that the implementation of the White Paper must be made conditional upon the elaboration of accompanying Community policies, specifically in the economic, social and monetary fields. Such an approach proves a potential threat to the achievement of the internal market.

The bonds between negative and positive integration are manifold, but the framework for action created by the Single Act and the "new momentum" is basically confined to securing the free flow of goods, persons, services and capital in an area without frontiers. The Member States failed to entrust the Community with new powers to delve beyond the internal market, since this grant of authority would require a further surrender of sovereignty by each Member State. Under these circumstances, a less dogmatic approach is needed. A well-established internal market will inevitably lead to an erosion of national sovereignty and result in the reformation and replacement of "independent" national policies.

The need for progress in all areas should not detract from the primary aim: to achieve a successful internal market. If this feat is achieved, progress towards further union will follow as a matter of consequence. Indeed, it is difficult to perceive a method where Member States could avoid strengthening European integration if they lack power to interfere with the free flow of goods, persons, services and capital and where discrimination against nationals of other Member States is illegal but more importantly, where Member States are denied full use of policy instruments like state aids, public procurement, state monopolies as well as other forms of government intervention into the economy.