

Migrant workers in Germany. Community rules allow citizens of one member state to take jobs in other member states.

any member state from 1976. (Free movement of pharmaceuticals will begin at the same time.) Hailed as a test case for the "liberal professions", this accord is expected to lead to a "common market" for other professionals, including architects, dentists, nurses, engineers, lawyers, journalists and veterinarians.

The Community Court of Justice gave two precedent-setting judgments in 1974 that strengthened the Treaty provisions on freedom of establishment and freedom to provide services. One stated that, whenever a national of a member state wished to set up business in another member state, the host state might not apply any law that discriminated against foreigners.

The other judgment ruled that a member state might not require a person established in another member state to have a permanent residence in its territory as a condition for providing services there.

The Nine plan to introduce a Community passport that will make it easier for citizens to move from one member country to another.

OF CAPITAL

Free movement of capital is essential for a common market's balanced growth and equal competition between member countries. Thus, the Community has enacted two directives in a bid to end discrimination based on an investor's nationality, place of



residence or place of investment. Their effect has proved limited. Member governments generally retain control over capital movements to prevent harm to the balance of payments, economic growth and employment. International monetary instability has also hindered the Community's effort to free capital movements.

Taxation

The Community is aligning its members' indirect taxes and excise duties. When this work is finished, tax controls at internal borders can end.

Perhaps the Community's biggest achievement in the field of taxation has been the replacement of national turnover and cascade taxes with a common system taxing the value added to goods at each stage of

production and distribution (VAT). Hairdressing, restaurant service and other types of service are also subject to VAT.

As customs duties disappeared, taxes became a larger part of the export price of goods. The VAT neutralizes tax differences by permitting refunds of the exact tax paid in the exporting country and allowing the importing country to collect its VAT on the goods. The next step is to unify VAT assessment methods. Eventually, tax-rates should be aligned.

The VAT has to be harmonized, both because it affects trade and because it will constitute part of the Community's own revenue.

Commission proposals to harmonize excise duties on hydrocarbon combustibles, oil,