

Creating the Single Market

European integration is a complex process that affects all areas of economic and political life including defense, education, human rights, and the environment. The key changes to be made are the elimination of physical, technical and fiscal barriers, the liberalization of capital movements, and the establishment of a monetary union. The EC is also removing the protectionist measures that affect public procurement. It has already eliminated tariffs on trade between member countries.

Removing physical barriers primarily involves removing customs controls, harmonizing public health regulations, and removing immigration and passport controls.

Removing technical barriers involves the harmonization of technical regulations and standards through the adoption of Community-wide standards and the mutual recognition of a wide variety of national manufacturing and testing standards. All products will have to pass essential safety requirements, whether or not they are traded between EC countries. They can then be circulated freely throughout the EC.

The industries most affected by technical trade barriers are:

- automobiles
- electrical and electronic equipment, including telecommunications
- machine tools
- pharmaceuticals, and processed chemical products
- non-ferrous mineral products
- metal products
- precision instruments and medical equipment
- transport equipment
- food and beverages
- leather goods

Patents and trademarks are subject to different conventions. Patents involve innovations and represent the technology base, whereas trademarks are marketing devices. It is best to register your trademarks in each country in which you trade. Currently, patent protection may be applied at the national level, or alternatively, through the European Patent Convention to which all EC Member States adhere, with the exception of Denmark, Ireland and Portugal. A Community-wide patent convention will likely be established by the end of 1991.

Removing fiscal barriers involves reducing the wide differences between value-added taxes (VAT) and between various excise duties. Most countries allow exports to be VAT free, but imports are charged both VAT and excise taxes on a selective basis.

The Liberalization of Financial Services

While there will still be some limits on international activities in the banking, securities, and insurance industries within the EC, extensive changes are being made. The centrepiece of the 1992 program in the banking field is the Second Banking Directive which will take effect on January 1, 1993. Under this directive, non-EC banks that establish a subsidiary in an EC Member State will be able to receive a Community-wide banking license. The Member State in which the bank's subsidiary is established will exert

Streamlining technical standards

In 1985, the EC Commission adopted a streamlined approach to technical standards harmonization and the development of industrial standards. Under the new approach, the EC's directives are limited mainly to mandatory essential safety requirements and other performance requirements in the interests of the general public. Technical details have been left to European standards organizations such as the European Committee for Standardization (CEN), its counterpart for electrical standards (CENELEC), and the European Telecommunications Standards Institute (ETSI). The involvement of large numbers of companies in the work of these standards organizations ensures wide acceptance of the outcome.

The European industrialists' organization (UNICE) noted that European standards do not have to be drafted from scratch. Normally, where an international standard already exists, it is converted into a European standard. Where European standards organizations have to develop their own standards, they are supposed to refer them to the International Organization for Standardization (ISO) with a view to having the new European standards adopted internationally.