

2. INDUSTRY-RELEVANT CHANGES RELATED TO EUROPE 1992

2.1 Directives Implemented

Removal of tariff barriers on goods traded within the EC has been offset to a substantial extent by non-tariff barriers. As governments have tried to preserve national industries and employment through the years, non-tariff barriers may have become a more important factor in the decision to export to intra-EC trade. Countries' standards and government purchasing policies and testing procedures have been modified to make it more difficult for foreign products to enter countries. Europe 1992 is designed to eliminate these non-tariff barriers within Europe and to permit free movement of capital, goods, people and services.

In order to achieve its goal, the Commission of the European Community established a detailed agenda of precise and concrete measures, which it published in its 1985 White Paper. These will not only have direct effects on the companies but will also have indirect effects such as new marketing strategies and concentration in the industry.

The following paragraphs outline the most important general policies that will have an impact on the industrial products and services sector.

a) Elimination of Customs Controls

Since January 1988, the *Single Administrative Document* has allowed truckers to cross borders with only one document, in contrast to the as many as 70 import-export declaratory documents previously required.

By reducing and standardizing the procedures for granting clearance to goods entering a particular Member State, the EC will reduce border costs and diminish transport time. Among nationally oriented companies, this practice will generate a more efficient view of the European market.

b) Harmonization of Taxes

Excise and value-added tax (VAT) rates vary considerably among EC countries (as shown in Table 6 and Figure 12). These

TABLE 6

VAT Rates in the EC
(Per cent)

	<u>Reduced Rate</u>	<u>Standard Rate</u>	<u>High Rate</u>
Belgium	1 and 6	19	25 and 33
Britain	0	15	None
Denmark	None	22	None
France	2.1 to 7	18.6	33.5
Greece	6	18	36
Holland	6	20	None
Ireland	2.4 to 10	25	None
Italy	2 and 9	18	38
Luxembourg	3 and 6	12	None
Portugal	8	16	30
Spain	6	12	33
Germany	7	14	None
Commission Proposal	4 to 9	14 to 20	None