

## Report on a People's Europe (29 March 1985)

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## Report from the ad hoc Committee on a People's Europe

To the European Council, Brussels, 29 and 30 March 1985<sup>1</sup>

### Introduction

1. This report deals with some important topics relating to the 'people's Europe':

- (i) freedom of movement for Community citizens,
- (ii) freedom of movement of goods, including transport services,
- (iii) administrative formalities for border-area traffic,
- (iv) wider opportunities for employment and residence.

In dealing with these topics the Committee has been guided by certain principles which are relevant to its task as a whole.

2. The aim of the Committee is to propose arrangements which will be of direct relevance to Community citizens and which will visibly offer them tangible benefits in their everyday lives. Emphasis is laid on arrangements which have a realistic chance of being implemented in the relatively short term. The goal should be an easing of rules and practices which cause irritation to Community citizens. This is of great importance in making the Community more credible in the eyes of its citizens.

3. Steps forward are not always a question of adopting new rules and regulations. Progress in the view of citizens is often best obtained by implementing decisions already adopted and by their administration in real-life situations. This can be far more important than formal progress made by the introduction of new uniform rules of little or no consequence for the Community citizen in his everyday life. This consideration is relevant to the institutions of the Community in fulfilling their responsibilities under the Treaties, but also for the Member States themselves by suppressing unnecessary formalities and by taking into account the Community dimension both in their legislation and in their administrative practices.

### **A. Easing of rules and practices which cause irritation to Community citizens and undermine the credibility of the Community**

4. The problems the Committee deals with in this chapter relate essentially to the freedom of movement of citizens and of their personal goods within the Community. The text of the Fontainebleau mandate called for a study of measures which could be taken to bring about 'the abolition of all police and customs formalities for people crossing intra-Community frontiers'.

5. The European Council should confirm this position at the same time as it takes the decisions on immediate measures which are set out below. This is a necessary corollary of the programme for the completion of the internal market which has received, rightly, the highest priority. With its manifold ramifications, however, this will require time. Abolishing all formalities would presuppose amongst other things some reasonable degree of fiscal harmonization (especially excise duties), the transfer of taxing points from borders to the interior of each Member State, the gradual application of a common policy on third country citizens and closer cooperation between the police and judicial services of the Member States. For the full and integral implementation of a 'Europe without frontiers' ('Europe sans frontières'), Mr Delors, President of the European Commission, has recently proposed 1992 as the target year. It is indeed a very complex programme on which work has to continue without delay. But in the meantime the measures which are summarized below could and should be decided upon now.

#### **A.1. Freedom of movement for Community citizens**

6. The simplest case concerns land frontiers between two Member States. The case of seaports and airports, although not different in principle, is often more complicated in practice because it also involves more traffic with third country citizens. Therefore, one should not look for identical solutions on every detail

immediately; but all efforts should be undertaken without delay to facilitate frontier traffic for the citizens of Europe, taking into account the special situation of countries without common Community frontiers. Care should be taken that progress already obtained in individual cases should not be set back by the introduction of rules of general application. The European Commission has recently presented a draft directive to the Council covering all different aspects of these questions in a comprehensive way, which the Commission considers should be applied by 1 July 1985.

7. The specific recommendations of the Committee, on freedom of movement for Community citizens, are as follows:

### **7.1. Immediate action**

Without waiting for the adoption of a directive by the Council, the European Council should decide now that Member States should take all possible practical steps on the road towards the more comprehensive solution, such as:

(i) at the land frontiers between two Member States, they should proceed in the three months after the meeting of the European Council to the simplification of control of individual citizens of Member States of the European Community on road frontier posts preferably by direct observation of vehicles travelling at low speed and of which the windscreens have been provided, as appropriate, with a green label showing a white E (indicating that the occupants are in conformity with the rules of the border police and the fiscal and currency rules) with the possibility of more thorough investigation at random ('spot checks') or in special situations;<sup>2</sup>

(ii) examination of the possibility and need for gradually combining control posts at land frontiers and controls at them where this has not yet been done;

(iii) at seaports and airports, the Member States should introduce, as soon as and wherever feasible, practical arrangements in control zones enabling a division of police and customs activities for, on the one hand, citizens of Member States of the Community and, on the other hand, citizens of third countries, with a view to facilitating as much as possible the passage of citizens of Member States by simplified controls, and possibly abolishing systematic controls on the departure of Community citizens;

(iv) the uniform European passport, the introduction of which has long been accepted by the European Council, should be a very important means of facilitating remaining frontier controls.

### **7.2. Longer-term measures**

President Delors has proposed a 'Europe sans frontières' by 1992. In order to achieve this objective the European Council should approve a precise timetable<sup>3</sup> for the completion of the single market and decide to put in hand now work on problems related to the effective cooperation between authorities responsible for the fight against crime, as well as to the definition and gradual application of a common policy concerning the entry, movement and expulsion<sup>4</sup> of foreigners, visa policy and the transfer of control of persons to the external frontiers of the Community, and agreements with third countries on expanded cooperation in frontier passage.

### **7.3. Tourism**

The European Council should invite the Community institutions and the competent authorities to give special attention to issues relating to tourism, which is of particular importance to the people of the Community, such as:

(i) extending the efforts towards a more rational staggering of holiday periods across the national borders on the basis of a regional analysis of holiday traffic;

- (ii) improved information and protection for tourists, including appropriate procedures for assistance and complaints;
- (iii) road safety (1986 has been proclaimed 'Road Safety Year');
- (iv) encouragement of radio and TV broadcasts of news, weather and tourist information in languages of other Community States.

Where appropriate, these aspects should be dealt with in cooperation with the Council of Europe, its member countries and, possibly, other third countries.

## **A.2. Freedom of movement of goods including transport services**

8. This part of the Committee's work covers a good number of specific rules and practices which have already been the subject of repeated and lengthy discussions but limited action within the Community. These matters may not seem very important in themselves but the combined effect on the citizen both as a traveller for business and traveller for pleasure can be disproportionate to their material importance. Changes for the better should receive a favourable welcome.

9. On these questions, as on others, the Committee considers that the right way forward is by a combination of longer-term objectives and some specific improvements here and now. Achieving a European Community in which goods and money can be freely moved by the citizen, whether as a trader, professional man, worker or tourist, is a big challenge but should be achievable within a definite time scale.

10. First, we need to widen the understanding of the advantages not just of a common market without tariff barriers but of a smooth-running single market in which the full benefits of lower costs of transport and travel (and associated services such as insurance) can be realized for the benefit of the Community citizen as consumer. The priority lies in those areas where goods or services have an obvious extra-national dimension (e.g. air, road and rail transport and telecommunications). The Committee also draws the attention of the European Council to the importance of removing as soon as possible restrictions on transport services in accordance with Article 75 of the Treaty of Rome, whereby the Council is obliged to implement a free transport market within the Community. Cheaper and improved transport services would both assist economic development and would help to bring the citizens of the Community closer together.

11. Secondly, the individual citizen's situation should be eased by making some immediate and specific improvements.

12. A common feature is that an individual, having already paid tax on goods purchased in a Member State, has difficulty or incurs extra charges on travelling with his goods to another Member State. Hence, an increase in allowances in real terms would be a long-term objective related to progress on fiscal harmonization. The Committee is not proposing changes in duty-free shops or other duty-free arrangements, which are generally popular with travellers. It considers, however, that the treatment and the administrative hassle relating to the movement of tax-paid goods within the Community could be significantly eased, without giving rise to artificial trade flows. To avoid such artificial flows, existing arrangements to distinguish between ordinary travelling and border trade arising from substantial differences in the level of taxation, especially excise duty rates, between Member States will have to be maintained for a certain period.

13. In the light of these general considerations the specific recommendations of the Committee on movement of travellers' goods and related issues are:

### **Allowances and postal consignments**

13.1. The adult traveller's personal allowance for tax-paid items should be increased by 25 % to 350 ECU from 1 July 1985, with an increase to 90 ECU for the child's allowance. These new allowances would indeed

be similar to the original real value of the allowances as established in the late 1960s. This decision would make it possible to relieve the Council of repeated discussions of these matters on its current agenda; but provision should be made to review these figures at regular intervals, e.g. every two years, preferably by simplified procedure in order to avoid at least a fall in their real value over time. Genuine difficulties arising for particular Member States from their special situations should be met by a derogation<sup>5</sup> for a certain time, taking account of differences in rates of taxation and excise duty.

13.2. The tax-paid allowance for still wine should be increased by 25 % to 5 litres (which would cover a standard case of 6 bottles).

13.3. The limit for tax exemption on small postal consignments should be increased to 100 ECU from 1 July 1985. A provision should be made to review this figure at regular intervals, e.g. every two years, preferably by simplified procedure in order at least to maintain its value in real terms. The appropriate authorities in Member States should be invited to remove customs clearance fees levied on the despatch or reception of small parcels.

13.4. Administrative hassle, delays and taxes levied on newspapers and books sent to individuals are a strong irritant for citizens, particularly in border areas, and should receive due attention from the Council.

### **Road transport**

In order to alleviate present border controls:

13.5. Passenger transport travelling across frontiers within the Community should be taxed for the whole of its journey by reference to its point of departure and the tax rate applicable in that Member State.<sup>6</sup> This solution should be adopted as soon as possible.

13.6. There should be no additional charge on the fuel in the standard tanks (up to 600 litres) of passenger buses crossing intra-Community frontiers from 1 July 1985. Similar problems would need to be resolved in the future for lorries.

### **Avoiding double taxation**

13.7. Practical effect should now be given to the avoidance of double taxation on personal goods in line with the jurisprudence of the Court of Justice of the European Communities.

13.8. The Commission should be invited to submit proposals on the simplification of the administrative arrangements for movements of goods on changes of residence between Member States, and on the temporary import of private motor vehicles.

### **Currency controls**

13.9. The formalities of currency controls at the frontiers of those Member States which operate them should be simplified to the maximum.

14. The adoption of the specific measures above should be seen against the longer-term objectives, namely:

(i) greater recognition of the potential benefits for Community citizens of a real and efficiently operating single market for passenger transport and travel;

(ii) the achievement of freer movement for a citizen's goods and money within the Community in the perspective of the realization of economic and monetary union;

(iii) priority for achieving sufficient harmonization of national arrangements to reduce or remove problems at intra-Community frontiers for transport services and communications.

### **A.3. Administrative formalities for border area traffic**

15. By nature of the Community's geographical structure, border areas occupy a large part of its surface area. The problems set out under A.1 and A.2 acquire additional importance when viewed in the context of border area traffic. What for other citizens is an occasional or intermittent nuisance has the nature of a serious daily problem for the inhabitants of border areas. The European Council should instruct the relevant authorities to have special consideration, when reviewing the implementation of the recommendations under A.1 and A.2 above, for the special and urgent aspect of these questions in border areas. Problems deserving to be mentioned specifically are:

- (i) the number of frontier posts at the disposal of border area residents and their hours of opening, and
- (ii) facilities for across-the-border help in case of emergencies and accidents.

## **B. Community citizen's rights**

### **B.1. Wider opportunities for employment and residence**

#### **Freedom of movement in working life**

16. The main problems in the field of freedom of movement for workers have been dealt with by legal instruments of the European institutions. The questions of the social security of migrant workers and of the inclusion of their families also appear to have in the main been resolved satisfactorily.

17. Certain difficulties still do exist as regards the tax treatment of such employees who reside in one Member State and receive an income as employed workers in another Member State (most of these cases concern workers in border areas). By taxation of these incomes in the State of activity, as is international practice, employees may suffer disadvantages stemming from the fact that most States have different systems for taxing residents and non-residents. These problems have been eased by a number of bilateral agreements and treaties to avoid double taxation. Still there are many cases in which the employees in question complain of disadvantages in taxation.

18. On a longer time scale, a comprehensive Community solution (the Commission has put forward a proposal which was blocked for a long time but on which discussions have recently been resumed) should be found for the taxation problems set forth above. The Community institutions are requested to intensify their efforts to this end. In the mean time, the European Council should set as the immediate aim the removal of taxation problems which could impede freedom of movement, by way of national legislation or by bilateral agreements between Member States. The Commission should undertake to inform Member States on cases which have been brought to its attention and to advise on appropriate solutions.

#### **Right of establishment**

19. In some branches of the liberal professions the mutual recognition of diplomas or other examinations and/or formal requirements for the purpose of establishment and for the freedom to provide services has been reached (e.g. doctors, dentists, veterinary surgeons). In other branches the mutual recognition still encounters considerable difficulties. This depends, on the one hand, on the variety of higher education diplomas (e.g. architects, engineers), and on the other hand also on the variety of branches of training which have arisen in the individual Member States (e.g. lawyers, chartered accountants, tax consultants). For many years there have been inconclusive discussions on proposals for these branches, which would lead to an equivalence of diplomas in all Member States by way of harmonization of training courses, diplomas and rules for access to professional life.

20. The Committee considers that although a certain degree of adaptation may be desirable in specific cases, a full-scale harmonization is not a practical way of implementing the objectives of the Treaty of Rome in the

field of the right of establishment. The European Council should decide that the general approach<sup>7</sup> should be based on a mutual recognition of diplomas or other examinations without prior harmonization. This seems the only possible way of achieving a general system for ensuring the equivalence of diplomas in line with the conclusions of the Fontainebleau European Council. It would facilitate the conclusion of the series of proposals already before the Council for an excessive period of time. Taking into account the fact that the specific levels of training in the Community countries are of high standard, this new approach would introduce the principle of mutual trust and build on the assumption that certificates awarded in the Member States are basically comparable. The Community institutions should fix the objective and introduce successively a scheme leading to a recognition procedure for the various areas. This concept should cover the professional activities of self-employed persons as well as of employees, because numerous occupations for which a university degree and/or another examination is indispensable may be practised either way.

If particular difficulties were to arise in certain areas owing to major structural differences between training courses, something more may be needed and it should normally suffice for the individual citizen wishing to benefit from freedom of movement for the purpose of establishment to provide evidence of up to 2-3 years' professional experience.

### **Professional qualifications**

21. Problems arise as regards valid employment in other Community countries for those employees whose professional qualifications are recognized in their country of origin but not in the host country. The European Council should invite the Community institutions:

- (i) to intensify their efforts towards greater transparency of evidence of professional qualifications, building on the Commission proposal on the equivalence of professional qualifications already under examination,
- (ii) to consider the introduction of a European vocational training pass for craftsmen and workers with special qualifications. This would enable the individual employee to prove his professional qualifications in all Community countries.

### **Right of residence**

22. The Committee is convinced that the right of a citizen of a Member State of the Community to reside in any other Member State of his free choice is an essential element of the right to freedom of movement. Discussions within the European institutions since 1979 did not lead to final agreement, because in particular the debate on evidence of sufficient resources to live on as a condition for unhindered residence failed to produce a solution. Such evidence seems indispensable to avoid migration motivated only by economic considerations, because in particular the European social security systems have not been harmonized. Citizens wanting to reside in a country other than their own should not become an unreasonable burden on the public purse in the host country. Where it is evident that such a citizen would incur a certain level of expenditure, it seems reasonable for the host country to take into account whether he is able to meet such expenditure.

The European Council should pave the way for a swift conclusion of the current discussions by taking a political decision of principle on a general right of residence for all citizens of the Community. This right would of course be subject to requirements of public order and security, in conformity with the principles of Article 56(1) of the Treaty of Rome. A practical solution to the abovementioned problems should be found by linking admission to exercise the right of residence with the precondition that evidence of adequate resources at the level of social assistance in the host country and of adequate provisions in case of illness is provided.

### **Conclusion**

23. The Committee on a People's Europe invites the European Council to ensure that the Community institutions and the Member States adopt the measures necessary to implement the recommendations

contained in this report. The Committee notes that implementation of many of the proposed provisions depends on decisions to be taken by the Council of Ministers; it is for this reason that the European Council is asked to request the Council to report back for its meeting in Milan on the progress made.

### **Members of the ad hoc Committee on a People's Europe**

Mr Pietro Adonnino (Chair)

Representative of Mr Bettino Craxi, Prime Minister of Italy

Mr T. Mailand Christensen

Representative of Mr Poul Schluter, Prime Minister of Denmark

Mr Max Gallo

Representative of Mr François Mitterrand, President of France

Mr Albert Hansen

Representative of Mr Jacques Santer, Prime Minister of Luxembourg

Mr Yannis Kranidiotis

Representative of Mr Andreas Papandreou, Prime Minister of Greece

Mr Hans Neusel

Representative of Mr Helmut Kohl, Federal Chancellor of the Federal Republic of Germany

Mr Éamon Ó Tuathail

Representative of Dr Garret Fitzgerald, Prime Minister of Ireland

Mr Carlo Ripa di Meana

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Representative of Mr Wilfried Martens, Prime Minister of Belgium

Mr Edmund Wellenstein

Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

Mr David Williamson

Representative of Mrs Margaret Thatcher, Prime Minister of the United Kingdom

1 Point 1.2.7.

2 Such a system of general application should not be applied where it would set back progress already obtained as stated above (para. 6).

3 This matter is also dealt with in the report of the Dooge Committee.

4 Mr Kranidiotis argued that such a policy should be formulated within the framework of and according to Article 235 of the EEC Treaty. At any event this policy should take into consideration the special circumstances prevailing in each Member State.

5 Greece currently has a transitional derogation.

6 Special provisions will be needed for countries not yet having introduced VAT.

7 Mr Kranidiotis argued that this approach does not preclude the possibility of applying the relevant provisions of the EEC Treaty wherever this is advisable.