

It's the Internal Market, stupid!

A company survey on trade barriers in the European Union

This report is published in 2004 - a momentous year for the European Union with the enlargement of ten new members, the 6th pan-European elections to the European Parliament and the nomination of a new Commission. With this report European business would like to convey an urgent message to EU governments, new Commissioners and Members of Parliament. To quote Bill Clinton- "It's the economy, stupid!"... **In Europe, it's the Internal Market!**

European governments have in the Lisbon Strategy set ambitious goals for a European world come-back in competitiveness and economic growth - the EU should be the most competitive knowledge-based economy in the world by 2010. Companies are ready to take up this challenge and be a main driving force in reaching this goal. Success, however, also requires that governments do their part! Let us start with the Internal Market! In order for business and consumers to be able to reap the full benefits of the EU, all parties need to deliver and take action towards creating a more efficient and competitive Internal Market.

This report is the works of the eight European business federations that are active in UNICE (the Union of Industrial and Employers' Confederations of Europe) - the Confederation of Danish Industries, the Confederation of Swedish Enterprise, the Confederation of Norwegian Business and Industry, the Confederation of Netherlands Industry and Employers, the Spanish Confederation of Employers Organisations, the Federation of Enterprises in Belgium, the Federation of Austrian Industry, the Confederation of Finnish Industries.

Speaking on behalf of the business sector, we are ready to take up this challenge and be a main driving force in reaching this goal. Are you?



Heinz Jeranko
Chairman of the UNICE Internal Market Working Group

Brussels, May 25, 2004



V N O N C W





"The Anna Smith Story"

(08h15, Monday, June 8th, 2015) Anna Smith is in her car, on her way to work. There is a traffic jam as usual. She tunes in to the news. Issues on the agenda at tomorrow's EU summit are in focus. The European Commission's budget has already been spent and there is now a need to either find more resources or give up prosecuting Member States for infringements of EU law. The outstanding 3500 or so cases are more than the Commission can cope with. Anna Smith sighs. She too has an ongoing complaint before the Commission. She wonders when it will be dealt with... if ever!

The company she runs produces cookers. They had looked forward to selling their product in all 32 countries that now constitute the Internal Market, as it was envisioned in the many congratulatory after dinner speeches in 2004. Alas, a vision is all it remains.

Her company's cookers are of course CE-marked. Nobody remembers that the original idea of the CE-marking was to ensure free movement without further testing and requirements. Now ten different national bodies certify her factory. Tomorrow the Italian local authorities are coming to inspect the factory. She has a bid entered for a tender for cookers in school kitchens in Southern Italy. Next week, maybe, the Polish certification body will come to check what the German body saw last month. The Polish B-mark has now become a private mark, and the inspection officers are interpreting the rules differently to the German (to justify their existence, she wonders?). But this is not altogether surprising. The French don't agree either. It's really quite confusing! On top of all of this the American UL-mark is now quite well established on the market. The American owned supermarket chain ILVO doesn't want to buy the cookers unless they are UL-marked. UL carried out a big marketing campaign aimed at the European consumers. It's been quite successful - but ILVO only has stores selling cookers in five European markets. Anna's company had originally chosen the ENEC-mark, which was supposed to cover all of Europe, but due to a lack of funding and publicity it is now virtually unknown in many markets.

It's one thing to manage the different safety requirements and safety marks. It's quite another thing to deal with all the new environmental issues and marks. The European Flower never caught on. So now her cookers have to have Swedish, Czech, Slovenian and three regional German environmental marks. Anna thinks, bemusedly, that it's a good thing that her company produces cookers. At least there is plenty of room on the back of the cooker for all of the marks! She wonders whether consumers really know what all these marks actually stand for and doubts very much that they realise how much her company (and the consumer in turn) has to pay for all the double, triple and quadruple work. €250,000 a year in direct expenses for inspection and royalties alone!

Anna Smith is happy though that there are competent people in the company managing all these matters. The company just hired two more. They are quite good! However, she just can't see why it should be necessary. The EU even approved at one stage a directive on eco-design to have common requirements. But like so many other directives it wasn't really implemented in practice. The market control for instance just doesn't function. There are very low priced Chinese cookers on the markets that surely don't fulfil the criteria. Her company has done much to try and adhere to the requirements. Nearly 80% of the materials can be reused. But it costs! And all that time spent training sub-suppliers, teaching them how to deal with requirements and to send the right documentation - no wonder her company's cookers are so expensive. Fortunately, a Japanese investor bought the company a few years ago; otherwise it would never have succeeded. They are the only producer of cookers within the EU now...

On top of all this she has just learned that Sweden has managed to convince the other six core member countries of the "high speed Internal Market group" that cookers must have both timer and sensor capabilities as a fire protection so that the cooker switches off automatically when there is no movement in the kitchen. She wonders how this added expense will affect the company's plans to expand production facilities.

Her mobile-phone rings. It's her friend François who works as a consultant on EU-law (which seems to be the business to be in! It has become so complicated now that external help is nearly always needed). François says that he was on a course last week to learn how to find his way in the Commission database on national regulations. It is complicated and very comprehensive. Previously, Member States had to notify new legislation. But nobody really had time to check and after enlargement, the Commission also had to give up on it. Now it's up to companies and citizens to make a formal complaint if they believe the principles are violated. François unsurprisingly, is not too unhappy about this. It has created plenty of new business for him....

Anna on the other hand, wonders (not for the first time) - wouldn't it have been better to follow the original idea of having one Internal Market with common rules? She reminds François of the target that had been set to make Europe the most competitive region in the world by 2010... Politicians really mustn't have believed in it themselves at the time... or did they?

1. Welcome to the grand European house warming party!

A toast and warm welcome to the new Members of the European Union and the Internal Market! As a Member of the Internal Market you have had to implement all the 'acquis communautaire' which is the base for Free Movement within the EEA¹. You also have to live by the underlying principles and traditions that the foundation of the EU was built on. In return the Internal Market will bring you efficiency, increased trade and investment with other EEA countries and economic growth.

Recent developments have shown a rise in GDP, the creation of 2.5 million additional jobs, and a continuing increase in foreign investments in the EU. This shows that the EU is on the right track creating an Internal Market that generates economic growth.

But how strong is the foundation of the Internal Market? Will it survive enlargement and new Member States joining the EU market?

2. Re-vitalising the '92 vision of "One Single European Market"

The Internal Market is considered one of the essential cornerstones of the European Union. The idea of unifying the markets ties in with the objective of economic and political integration.

Following the 10th Anniversary of the creation of the Internal Market, the legislative package for the free movement of goods is almost complete. Much still has to be done to ensure the other three freedoms, i.e. free movement of services, persons and capital.

The Single European Act adopted in 1986 and which formally came into existence on the 31st December 1992, defined the Internal Market as "an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured..." The Act also included the principle of mutual recognition claiming that when the legislation of another Member State is equivalent in its effects to domestic legislation then the product has direct access to that market. This principle applies primarily to products but also has an impact on the other freedoms, particularly those involving the performance of services.

The New Approach became an important system for the EU to achieve technical harmonisation of product requirements. The New Approach turned out to be,

¹ With the Agreement on the European Economic Area, the EU Internal Market was in 1994 extended to include the three EFTA countries: Norway, Iceland and Liechtenstein, thus the Internal Market now consists of 28 countries after the latest enlargement on May 1.

both from a government and business perspective, a very efficient way of regulating products, where essential requirements for health, safety and environmental protection were established in EU legislation, and where the technical details were left to voluntary European standards.

The now more than 20 New Approach directives, combined with the principle of Mutual Recognition, have set the basis for the Free Movement of Goods. Companies have the right to expect that their products can move freely across 28 borders.

3. A litmus test for the Internal Market

In spite of the above, various surveys conclude that companies still meet barriers that hinder free movement. Despite these statistics it appears difficult for decision-makers to take action. The Commission has previously stated "there is no readily available data which would allow to identify clearly the significance of technical barriers for each Member State and compare their performance...". The symptoms of the mal-functions are well described, but it is difficult to sense the real importance of the barriers if you don't have concrete examples from daily life of European business. **Some "flesh and blood" examples are needed to demonstrate the extent of the problem.** This is the background and reason for this survey.

Methodology

The UNICE Internal Market Working Group decided to start by looking at the Internal Market and the free movement of goods. The reason for only looking at goods is that we in this area have come far in harmonising product requirements and building a legal foundation. Also we think that the area of goods is a catalyst for developments in other areas such as services which have not come as far.

A number of UNICE member federations interviewed some 200 companies. Two thirds of these companies are SMEs with less than 250 employees. The companies come from a wide variety of sectors. They are mainly manufacturers, but also include a number of service providers. Most of the participating companies in this survey have experience in European-wide trade.

The survey sought to establish:

- Do companies feel that they reap the full benefits of the Internal Market?
- What are the types of barriers that companies continue to meet in daily business?
- How do companies tackle such barriers?

The aim of the survey is not to set up another statistically correct analysis of the situation, but rather illustrate the situation by "going behind" the general statements and asking for concrete examples of barriers, where they exist. The results should not be used to make statistical generalisations. However, it is interesting to note that the results of this survey are in line with previous Commission surveys.

4. Main Conclusions of the UNICE Survey

One set of harmonised rules is better than '28 +'

On the positive note, a significant majority of those companies that participated believe that it has become *easier* to trade within the Internal Market and that European standards are being widely used which help to facilitate trade.

Burdensome regulation

More than quarters (65) of the 200 companies have reported that the Internal Market has lead to *more* regulation due to:

- detailed documentation requirements;
- national requirements remaining and increasing in parallel with EU regulation;
- different interpretation of regulation;
- new EU regulation in areas not previously regulated, e.g. environment.

Companies find that the EU regulates in more areas and in more detail compared to other regions of the world. It is burdensome for a company to keep technical documentation updated and in line with the different requirements of several product directives. At the same time legislation is increasing on both EU and Member State level.

National regulation and special requirements

In parallel with EU regulation, there is a large amount of national regulation and special requirements that have to be followed and different interpretations of EU requirements that often lead to product changes and extra documentation, all of which demands extra resources (financial, human and time) from companies that in many cases cannot really afford it.

Figure 1 shows the number of cases that companies have reported, where national regulation and special demands require product changes, extra testing or certification, or other administrative burdens. Of the 200 companies who participated in the survey:

- 115 meet mandatory, national requirements that result in product changes;
- 92 meet requirements for extra national testing/certification of products, and;

- 34 meet other requirements, such as extra or different documentation.

A number of companies have reported barriers in two or three of the above categories.

Figure 1: Number of cases reported by companies in the Internal Market survey, where national requirements lead to product changes, extra testing or other administrative burdens.

Number of cases

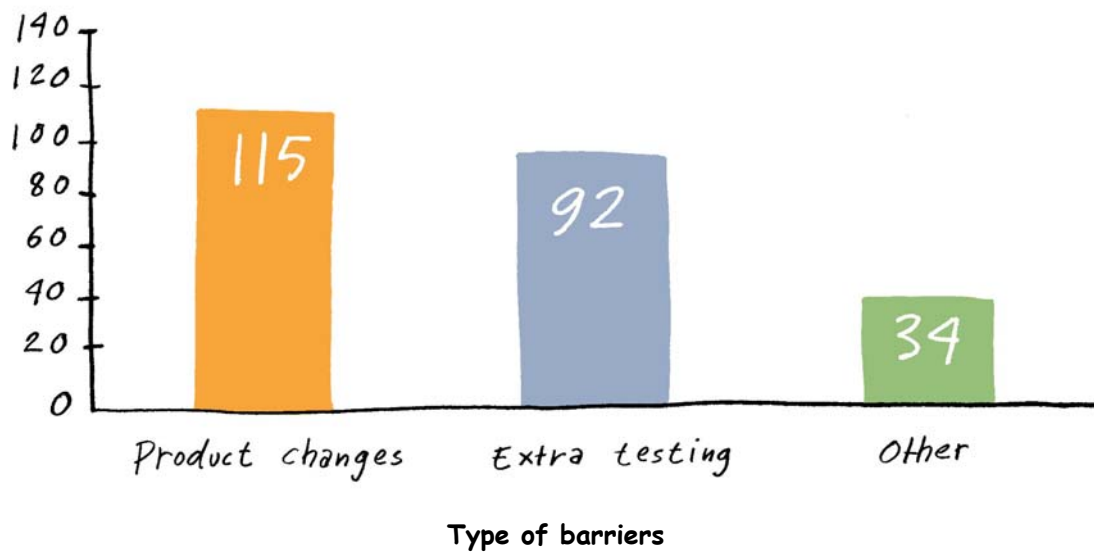


Figure 2: The survey has also registered in which countries the companies have met barriers. The figure below shows the number of cases per country where national requirements lead to product changes, extra testing or other administrative burdens.

Number of cases

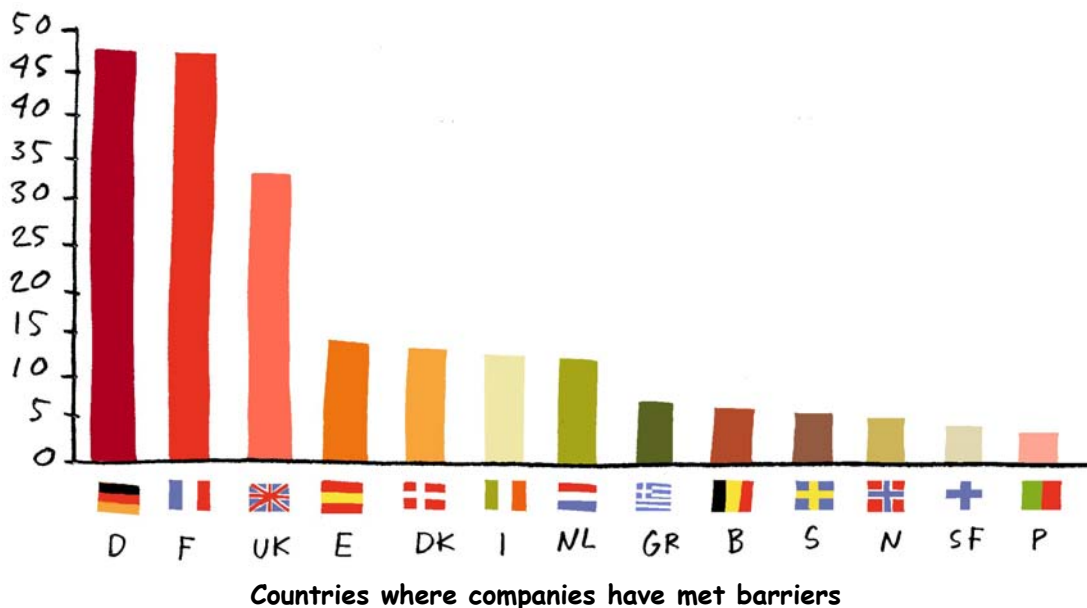


Figure 2 shows that almost all countries within the EEA have been cited, but Germany, France and the UK by far exceed all other countries in enforcing extra national regulation and requirements². (The results and examples are further developed in section 5).

Another aspect that was focused on in the survey is that of **market surveillance**. Companies, reasonably, want to remain in business on a long-term basis. They want to produce safe products that they can sell. To a great extent European legislation is based on post-marketing control by national authorities. Efficient market surveillance is needed to ensure that no non-compliant products are on the market. However, the survey showed that market surveillance is not always efficient and more than 50 of the surveyed companies expressed the belief that market surveillance needs to be strengthened.

5. Company examples - “The Flesh and Blood” of barriers

During the interviews companies have highlighted some of the burdens and/or barriers they experience when they sell to European markets. The examples are described in more detail below, and some concrete cases are cited to give a better knowledge of the problems met.

Drowning in burdensome regulation!

While companies find that in general it has become easier to buy and sell products on the Internal Market, a substantial part finds that the regulatory burden has increased. There are many reasons for this; one being that national regulation has not decreased in parallel with the EU's harmonisation policies but rather remained and in some cases even increased. The Commission's own statistics show a continuous high level of national technical regulation, i.e. about 500 notifications a year. A second reason is that the EU has legislated in new areas unmatched on the national level until now, e.g. in certain environmental areas.

² The number of cases has not been measured by the size of exports to each country. Thus it is to be expected that important markets will have a high score, but as the focus is put on the cases, we have chosen not to adjust figures according to the sales volume. It should be remembered that when one company has a problem with free movement leading to product changes or extra testing for this specific product category, other companies active in the same or similar fields will most likely experience the same problem.

Examples from survey:

Many directives apply to one product

A Swedish company producing and exporting gas turbines has the following directives to take into account: Machinery, Pressure Vessel, ATEX (machinery for explosive areas), EMC and Low Voltage Directive. Some of this legislation is an added burden since it replaced standards that had been working satisfactorily. Furthermore, extra national requirements linked with inspection by national authorities continue to exist. As a result, complex products like the gas turbines fall under many different regulations. The burden is multiplied through frequent regulatory changes and the fact that harmonisation does not work in practice.

Small companies have no resources to handle regulatory burdens!

A leading supplier of foundry equipment and metal surface finishing systems based in Denmark employs about 420 people and sells its products all over the world. They find that it has become easier for the company to sell its products within the Internal Market, as requirements are now harmonised. However, it is the experience of this company that it has become much more difficult for small companies to compete. This is seen in communication with sub-suppliers who often are not aware of the obligations they have according to European directives.

Additional national requirements for fire protection create barriers to trade

A Spanish company employing 85 people does not believe that the Internal Market has simplified trade. They produce upholstered furniture that is in principle subject to the mutual recognition. One of the problems they are facing is that the UK has special fire protection requirements for the foam and textile used in furniture. Because of this the products must conform to British standards even if European standards exist, and new tests are required. This costs extra and impedes a streamlined production process.

Stricter requirements for fall prevention

Fall prevention measures for workers are mandatory for working at heights above 2.5 metres under EU law. A Dutch machine company producing personal fall arrestor devices that are CE-marked according to EU regulation and subject to type approval nevertheless meets obstacles when selling those products in the UK. The UK has its own standard for the placing of prefab elements in the construction industry. There what is described as a fall prevention cushion is necessary, and the Dutch product is as a consequence excluded from the UK market.

Implementation, interpretation and enforcement - Member states, put on your "European glasses"!
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A big problem for companies is the Member State divergence in implementing, interpreting and enforcing EU directives. Thanks to the Internal Market Scoreboard, political attention has been given to the implementation deficit. From a business perspective it is just as critical to focus on the fact that national governments and Notified Bodies often have differing interpretations of EU directives and the fact that there is little coordination and large differences enforcing these directives. In our survey we have seen that

problems with differing interpretation and enforcement become barriers for products subject to inspection in relation to workers' health and safety.

Examples from survey:

Different interpretations of the pressure equipment directive

A large group which employs about 18,000 people across Europe has problems with different interpretation of the Pressure Equipment Directive. The directive has been in force since May 29th, 2002, but the text in the directive is so unclear that there are now close to 190 interpretative guidelines. Despite these interpretive guidelines the company meets large differences in the way national authorities and Notified Bodies interpret and administer the text of the directive. It takes a lot of time and many resources to try and 'sort out' such differences and to find compromises.

National authorities have different views on the safety of sun-beds

A Dutch company producing tanning appliances meets barriers when selling these products within the European Union. Although tanning appliances are subject to European health regulations, France, Spain and Finland have extra national demands regarding the use of sun beds. This means that the company has to make unique technical changes to the products specifically for each of these markets.

Safety has many versions...

A Swiss company from the machine tool sector sells its machines in Italy. However local inspectors even from the same region in Italy and working under the same authority are asking for different protection systems on identical machines. This leads to long standing discussions and uncertainty, especially for the customers who don't know whether their machinery meets the safety requirements of the Machinery Directive or not. In the end it also negatively influences the image of the manufacturer.

Barriers due to different inspection rules

A large Swedish company selling pressure vessel related equipment world-wide often meets barriers when installing the products it sells. The rules for installation differ within the EU and companies do not want to risk questioning government agencies so they adapt to the local rules. A specific case mentioned is the UK, where national requirements force companies to make advanced and costly calculations and product modifications for example regarding ventilation. Another example is Germany where authorities have their own requirements for testing and inspection when pressure vessels are put into service. Thus, they require more frequent inspection visits for a product that does not have German certification and marking. In the end, this is also a market access barrier for the product.

National insurance companies offset harmonisation

A Norwegian company produces wheelchairs and exports its products to eleven European countries. The product falls under the Medical Device and EMC directives but EU harmonisation and European harmonised standards have failed because different national insurance systems are setting their own national requirements. The product has to be adapted to different standards, certification and marking. Germany and Sweden are examples of countries requiring extra testing. For 10 products the total cost can be up to €50,000. In addition to this the company adds that there is no efficient market

surveillance for the products - e.g. there are cheap wheelchairs from Asia sold directly to private customers where EU safety rules can be and are circumvented.

One product, one standard and one test please!

Requirements for extra national testing and/or marking is a difficult barrier to deal with since some requirements are mandatory by law and some part of national customer/market preferences. National testing requirements may also be tied to financial government support schemes. Many of these extra testing/marketing requirements and preferences are not related to safety but rather to quality and are reminiscence of "pre EU harmonisation" times. In cases where market/customer demands are voluntary it is of course voluntary to meet these requirements. But if the choice is to give up the market (if for example the requirement comes from a big super market chain or from a school or hospital), the company sees the requirement as mandatory.

Examples from survey:

Non-acceptance of national certificates

A Spanish manufacturer of meat products which has expanded on the national, European and international levels has difficulty exporting meat products to the UK. The UK does not accept the certificates of fulfilment of sanitary regulations for food products obtained in Spain. The company is required to use the European Food Safety Inspection Service that is carried out by a private British company. The inspection is annual and the cost is approx. £1,200 plus transport and accommodation for the inspector in Spain. The UK also demands English only labelling. This is a problem for the company, which labels all of its products in four languages.

Special national approval for plugs

A Dutch company producing household appliances encounters obstacles when exporting its electronic products to Belgium where a special approval is needed for plugs. This makes additional product tests necessary which in turn increases costs and slows down production.

Different certificates are costly

A Norwegian manufacturer of sound instruments has 23 employees and exports 80-85% of its production to Europe and the USA. European directives cover all these products; nevertheless, the products have to undergo different national certification procedures. In particular, separate national certification is necessary in Spain, Germany and France. The tests are mandatory and each costs about € 14,000-18,000 for every new product followed by yearly inspection fees. The cost in itself is not the main problem; it is the time and resources it takes.

Regional testing and packaging requirements tied to public procurement

A Danish company producing products subject to the Medical Devices Directive and selling all over Europe, points to the fact that for public procurement there is no common European market. In the health care sector, regional authorities set their own requirements and procedures. Furthermore, national rules for financial support to

patients often mean that the product has to fulfil special conditions, such as the size of the packaging, approval by a local certification body or other conditions in order to be admitted to the approved list of products.

Precious metals are especially precious in certification costs

Manufacturers of jewellery using precious metals are subject to different requirements for certification of the contents of metals. Even if the products are sold legally in some EU Member States, others require their own national certificates. Thus, a large Danish company has calculated extra annual costs of about €140,000 - alone for one country. The European Commission has for years tried to find agreement on a directive in order to harmonise requirements, but it has failed to find consensus!

Voluntary marks on top of the CE-mark

A small Swedish company selling products within the area of power, lighting and heating finds that voluntary marks on top of the CE-mark continue to exist and to be a large burden. It can for example not sell its products in France without retesting and also putting on a French quality/safety label next to the CE-mark. All in all the company has over 10 different 'voluntary' marks, many tied to third party testing, which it needs to be ready to offer its customers in different Member States.

The Internal Market needs standards!

The use of European standards for conformity assessment in connection with product directives under the New Approach is a success, and companies widely use such standards. Part of the success is also the strong link and correspondence between European and international standards. However, in some areas standards are still missing or are overridden by extra national requirements.

Examples from survey:

One of many examples from the construction material area

An Austrian company producing clay bricks, roof tiles etc. has the German Ü-mark on its products. Nevertheless, due to the use of different national standards, the company needs to have its products certified in several EEA-countries. Common standards are under way in the system, but the process is very slow.

A sauce is not a sauce...

A Dutch food producing company meets barriers as a consequence of a lack of harmonisation. For example, there is no European harmonised definition of a sauce, which results in differences in interpretation. A product that in one country is considered a sauce can in another country be described as 'vegetables based on solids'. Apart from that, different techniques are being used to determine the composition of a product, which creates inconsistencies. Consequently, different import levies are charged in various EEA-countries for the same product.

European standards and free movement overridden by national fire protection requirements

A medium sized Norwegian company exports locks and security systems to 135 countries world-wide. The EU is one of its main markets. There is a harmonised European standard for the product but these are of no use when they are overridden by national requirements in the area of fire protection. For instance, Germany has a fire directive that requires mandatory control and testing by German inspectors. Additionally, the company faces problems due to a lack of knowledge of the EEA Agreement. In particular the company experiences this with regard to customs handling in France, where the company finds they need to provide more documentation than EU enterprises, despite the fact that the EEA Agreement entitles Norwegian companies to the same equal treatment as EU companies.

Globalisation requires presumption of conformity to international standards

A large Swedish company producing and selling gas turbines worldwide uses ISO standards as a basis for its safety conformity, since there are no corresponding European standards in the area. It is logical to also give direct presumption of conformity to these ISO standards but this is not possible according to the present EU system for presumption of conformity. Consequently, the company must pay more for extra testing and documentation in order to sell on the EU market.

6. Back to the business of Business! Time to deliver!

What are the challenges facing decision makers which can be deducted from industry's experience, and what are the recommendations to ensure a better functioning Internal Market?

With the EU expanding and including more member states, it will be an even greater challenge and task to create a more efficient Internal Market. Today, the European Commission is attempting to deal with more than 1,500 infringement cases. If the level rises in proportion to enlargement then this figure could amount to 2,500 cases! A question also remains if companies decided to follow-up their rights at a higher level, i.e. higher courts, then the figure could increase even more. Imagine the resources that could be needed in future!

Resources required to police the Internal Market by the European Commission and the Member States are one thing, a further more significant challenge is that each barrier - including all the trivial barriers that companies meet and which are not registered in the above infringement figure - results in a loss of effectiveness and capital, and thus of competitiveness.

We should be able to do much better, especially if a willingness to solve the

problems is evident and acted upon. Nevertheless a question remains as to **who takes responsibility for the Internal Market?** The healthy functioning of the Internal Market should not be a matter for only one Directorate General of the European Commission or for one Ministry in a Member State. It should be the responsibility of *all* European Commissioners, *all* national ministers, *all* European Parliamentarians, *all* companies and ultimately *all* consumers.

Starting at the European level...

The European Commission, Parliament and Member States should ensure:

Better regulation

Better regulation does not only mean more clear and simple regulation. It also means that the EU needs to have a common base for regulating product requirements.

- *Simplification.* It is essential that all new legislation and revisions of existing legislation be submitted to a systematic and comprehensive impact analysis with the objective of reducing the administrative and economic burdens for companies. Experience has shown that revision of directives, even when starting with the aim of simplifying, has a large inherent risk of leading to increased requirements and new burdens. The on-going revision of the Machinery Directive is a good example of this. Consequently, it is important that things are well thought through and examined from the very beginning.
- *A common base for regulating.* Business believes that the principles of the New Approach should become the key principles for all regulatory activities affecting products. Business calls for a much stronger regulatory vision for the EU, based on a comprehensive set of principles in order to avoid different methods and conflicting product requirements. This includes expanding the application of the New Approach as a regulatory model into other areas where product requirements and the free movement of goods are affected - e.g. the environmental area.

A commitment to cross-border cooperation!

All responsible parties for implementing and monitoring European regulation and principles should communicate regularly and efficiently in order to ensure a common interpretation and level of enforcement. This applies to public administrations as much as it does to certification and accreditation bodies and in particular to the so-called Notified Bodies which have a large responsibility in ensuring that a harmonised way of interpreting the rules and requirements materialises. This also includes strengthening Member State coordination in the area of Market Surveillance.

Strengthening the CE-marking!

The CE-mark is the politically agreed passport throughout the EEA market. A manufacturer puts the mark on his products thereby declaring that the product fulfils all the requirements of the relevant EU-legislation.

UNICE believes that there is a need to clarify and promote the meaning of CE-marking on the products to the consumers. The Commission and national authorities have an important role to play in this connection. The meaning of the CE-mark is not sufficiently understood, and voluntary, national marking is often required by the market place, and even by authorities in certain situations.

... continuing on the Member State level!
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As was seen from the company examples a significant number of barriers were found in areas that are under national jurisdiction. This is why UNICE urges Member States' politicians and authorities to "think European". The European Commission, Member States and the European Parliament should ensure:

National regulation should be subject to a compatibility test

The numbers of new national, technical regulations are still at a high level. Neither foreign authorities nor business organisations have the resources to check the long-term consequences of such increasing national regulation. This is why UNICE supports the idea that the Commission has presented, namely to introduce a mandatory 'compatibility test' for all new national, technical regulations. This means an obligation to answer the question: "Will this new regulation hinder the free movement of goods - does it conform to the principles of the Internal Market?"

Put some 'bite' and respect behind the principle of mutual recognition

More information about the principle of mutual recognition needs to be available to all inspection and market surveillance players, i.e. local inspectors, Notified Bodies etc. As stated in the Commission interpretative communication on the practical application of mutual recognition, the burden of proof lies with authorities. Mutual recognition not only applies to regulatory requirements but should also be respected in connection with testing and certification.

Efficient problem-solving

The Commission has established the SOLVIT-database, which should lead to quicker and easier problem solving and removal of barriers to free movement. To achieve this goal Member States need to inform companies and citizens about the system. It goes without saying that sufficient resources should be allocated to follow-up reported cases.

Active participation in the standardisation process

Standards promote public policies when used in connection with government regulation. The New Approach system is working well. This can be seen in the way that European standards, as shown by the survey, *are* widely used by companies to the benefit of the whole market place.

It is of great importance that national authorities back the standardisation process, by ensuring sufficient financing for the whole framework and by participating actively in the process. The usability of standards is conditioned by a wide representation of stakeholders (including public authorities) in the process, in order to avoid one-sided solutions and possible later safeguard clauses against a standard.

Raise the awareness of opportunities, rights and duties

Information campaigns addressed to local authorities, companies and citizens throughout the EEA countries need be carried out at the national level. All stakeholders have a responsibility to help make the Internal Market function, but they cannot if they do not know their opportunities, rights and duties. However, the general perception of the Internal Market in society needs to be raised as a means of ensuring public backing of the European vision.

7. Who takes responsibility for the Internal Market? Taking up the challenge!

2004 is the year of European enlargement and European elections. UNICE's request to the new members of the European Parliament, new European Commissioners and national decision makers is to take up the challenge and give new impetus to European growth and competition. Let us start with the Internal Market! A new revitalized Single European Market that will benefit businesses and consumers in a new enlarged EU and EEA.

In order for businesses and consumers to be able to reap the full benefits of the EEA, all parties need to deliver and take action towards creating a more efficient and world competitive Internal Market. Strong political focus and commitment is needed from all.

Speaking on behalf of the European business, we are ready to take up this challenge and be a main driving force in reaching this goal. Are you?

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