Internal market: 3rd 2002 review.

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The European Commission has presented its second biennial report on the application of the principle of mutual recognition in the single market. The report recalls the importance of mutual recognition for the proper operation of the single market should not be underestimated: the economic value of intra-Community trade in products covered by mutual recognition is estimated at approximately EUR 430 billion. The main conclusions of the report are as follows: - the specific assessments of how mutual recognition operates, carried out between 1999 and 2001, confirm that mutual recognition operates well for products which pose few safety problems, such as bicycles, tanks and containers. - in contrast, the application of mutual recognition for technically complex products (e.g. buses, lorries, construction products and precious metals) or products which can pose safety or health problems (such as food supplements and fortified products) seems to operate less well because a number of economic operators and national administrations are unfamiliar with the principle (lack of information, absence or refusal of dialogue or administrative cooperation). - in order to facilitate the application of mutual recognition for products between economic operators and national administrations, the Commission will adopt guidelines on this subject in a communication to the Member States and economic operators. The communication will explain the rights and obligations of the parties concerned in cases where the principle of mutual recognition needs to be applied. In addition, it will ensure that the best possible use is made of existing instruments in order to root the proper application of the principle of mutual recognition in national legislation and administrative practice. Practical guides by sector or group of sectors and seminars will probably remain effective tools for increasing familiarity with and improving the operation of the principle, not only in the Member States but also in the candidate countries. These tools are particularly important for the bodies which are involved and cooperate in conformity checking. - in the specific sectors in which national rules provide for such different levels of protection that the principle of mutual recognition cannot properly fulfil its role (as in the field of fortified foodstuffs and construction products), harmonisation will continue to be the most suitable solution, on condition that it covers all the problems for which mutual recognition cannot provide an effective solution. Harmonisation is also an important tool, particularly in relation to the protection of health, the environment and the consumer. In the field of services, the Commission has just defined a new strategy based partly on the application of mutual recognition as a means of eliminating the redundant (and often contradictory) superposition of regulations which constitute barriers to cross-border trade and stifle innovation. Mutual recognition will continue to play a very important role in the field of financial services.