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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 418 final.

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Proposal for a
COUNCIL REGULATION (EEC)
amending Regulation (EEC) No 2051/74
on the customs procedure applicable to certain products
originating in and coming from the Faroe Islands

(submitted to the Council by the Commission)

COM(79) 418 final.



JUSTIFICATION

Subject : Amendment to the tariff arrangements applicable to imports from the Faroe Islands.

The Community tariff arrangements in respect of the Faroe Islands are based on :

- Article 27 and Protocol No 2 to the Act of Accession as far as Denmark is concerned;
- the provisions of Council Regulation (EEC) No 2051/74 as far as the other Member States are concerned.

This has resulted in the following ruling on the importation of industrial products (Chapter 25-99 of the CCT) from the Faroe Islands :

- a nil duty tariff in Denmark;
- a special tariff in Ireland : an 80 % reduction on the rate of duties obtaining in Ireland in 1972;
- a special tariff in the United Kingdom : exemption from duties;
- a special tariff in the six original Member States : an 80 % reduction on the CCT duties obtaining in 1972.

This means that the Community applies four different tariffs to one territory, the Faroe Islands.

The Faroe Islands, however, which is very poorly industrialized and has about 30.000 inhabitants, carries on only a very limited amount of trade with the EEC.

The importation of industrial products from the Faroe Islands concerns only a few tariff headings (yarn of wool, textile articles of wool, ships).

This amounted to 7.326.000 EUA in 1978.

.../...

99 % of this amount is accounted for by Denmark (traditional trade) where the imports concerned are exempt from duty.

The six original Member States and Ireland have imported goods from the Faroe Islands to an amount of only 64.000 EUA, yielding some 800 EUA in customs duties.

From these figures it emerges that there is no common measure between the economic interests in question and the administrative complications for the Commission arising out of the application of four different customs tariffs.

The general situation is the result of unforeseen circumstances. For the above mentioned Council Regulation (EEC) No 2051/74 was adopted as an "autonomous and provisional measure". The authors' intention was that it would be replaced in due course by :

- provisions resulting from the accession of the Faroe Islands to the Community, or
- measures to be adopted in the context of an EFTA agreement to be concluded with the Faroe Islands.

In practice, however, neither of these opportunities materialized. Consequently, the tariff arrangements for the Faroe Islands remain incomplete and incoherent. For harmonization purposes, the Commission proposes that the tariff arrangements applied by the Community as originally constituted and by Ireland be adapted to the tariff arrangements applied by the United Kingdom, i.e. exemption from customs duties for the products of Chapters 25-99 of the CCT, except for some products mentioned in Regulation (EEC) Nos 2682/72 and 2783/75. As has already been mentioned, Denmark applies a nil duty tariff for all industrial products.

Consequently, the Commission proposes to the Council that it adopt the Regulation attached hereto as an Annex in order to amend Regulation (EEC) No 2051/74 in the sense indicated.

Proposal for a
Council Regulation (EEC)
amending Regulation (EEC) No 2051/74

on the customs procedure applicable to certain products
originating in and coming from the Faroe Islands

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 113 thereof;

Having regard to the proposal from the Commission;

Whereas the tariff arrangement in respect of industrial products from the
Faroe Islands, provided for in Council Regulation (EEC) No 2051/74 (1) as
amended by Regulation (EEC) No 1048/76 (2), has not resulted in the
application of a uniform customs tariff by the Community;

Whereas this situation must be remedied,

HAS ADOPTED THIS REGULATION :

Article 1

Regulation (EEC) No 2051/74 is amended as follows :

1. Article 1 is amended to read as follows :

" For products falling within Chapters 25 to 99 of the Common Customs Tariff
originating in and coming from the Faroe Islands the customs duties on
imports and charges having equivalent effects shall be abolished."

(1) OJ No. L 212, 2.8.1974, p. 33

(2) OJ No. L 120, 7.5.1976, p. 1

2. Article 3 is deleted.

Article 2

This Regulation shall enter into force on 1 January 1980.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

FINANCIAL MEMORANDUM

1. Budget heading : Chapter 12
2. Title of the measure : Draft Council Regulation amending Council Regulation (EEC) No 2051/74 on the customs procedure applicable to certain products originating in and coming from the Faroe Islands.
3. Legal basis : The Treaty
4. Aim of the measure : Elimination of customs duties on industrial products imported from the Faroe Islands.
5. Financial consequences : The current year The following year

5.0 Expenditure

5.1 Own resources
(Customs duties) (1)

| | The current year | The following year |
|---|------------------|--------------------|
| 5.0 Expenditure | | |
| 5.1 Own resources (Customs duties) (1) | - | 801 EUA |

5.2 Method of calculation

heading No 60.05 37.000 EUA x 2.1 % = 777 EUA
 Chapter 84 1.000 EUA x 2.4 % = 24 EUA
 heading No 99.04 26.000 EUA ex -

6.3 1980 budget appropriations YES

Comments :

(1) It is a matter of the non-collection of customs duties.

