

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 712 final

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## BUTTERSHIPS

(Report from the Commission to the Council)

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Report to the Council

Subject: Butterships

Background

1. On 22 December 1976 the Commission adopted Regulation (EEC) No 3186/76 in order to put an end with effect from 15 January 1977 to abuses involving the sale at reduced prices on board certain ships of agricultural products for which export refunds had been granted, with a view to reintroducing them into the Community free of import charges in travellers' personal baggage.

Some firms continued such practices by substituting products from non-member countries for Community products. These firms delivered to the ships, with the same aim as that described above, products from non-member countries which came from free zones or bonded warehouses situated in the Community. Such products are not subject to the import charges applicable in the Community and were therefore sold at prices lower than those ruling on the Community market.

That situation was extremely detrimental to Community products and to products properly imported from non-member countries.

2. Therefore, the Commission submitted on 17 February 1977 to the Council a proposal for a Regulation on certain measures to prevent abuses resulting from the sale of agricultural products on board ship. According to this proposal agricultural products could be delivered only when they were in free circulation within the Community, and products from non-member countries would thus be subject to normal import levies before being delivered on board ship.

3. The proposal from the Commission was not acceptable for the Council who finally adopted a Regulation (Reg. 3023/77) according to which the Member States were authorized to grant exemptions from import duties on products bought on board ships which had not called at a port in a non-member country. However, such exemptions should be limited to the following quantities:

- one kilogram of butter
- one kilogram of cheese
- one kilogram of meat
- two litres of wine
- a total of two kilograms of other agricultural products.

This entered into force on 1 February 1978.

4. When the Council adopted the compromise, inter alia, the following two declarations were put into the minute :

"Before 31 December 1979 the Council will review the provisions of this Regulation with particular reference to the advisability of setting a final time-limit in this Regulation."

and

"The Council notes that the Commission has the intention to suspend as soon as possible the application of its Regulation (EEC) No 3186/76 of 22 December 1976 concerning export refunds to products sold or distributed on board ship."

5. The Commission has suspended the application of Regulation (EEC) No 3186/76 until 1 January 1981. Community products delivered for sale or distribution on board ship may thus benefit from export refunds.

### Trends

1. No official statistic exists as regards the quantities of products involved. When Regulation (EEC) No 3023/77 was adopted it was estimated that the following yearly quantities were involved in Germany:

14 000 t butter  
 4 000 t cheese  
 2 500 t meat  
 400 t sugar.

However, German ship owners have furnished information to the German authorities indicating that the sale in 1977 should be of the following level:

8 160 t butter  
 2 825 t cheese  
 1 650 t meat.

2. According to data given by the Member States the quantities delivered to butter-ships during 1978 and 1979 are estimated to be of the following size:

Product	GERMANY		BELGIUM		NETHERLANDS		IRELAND		TOTAL	
	1978	1979	1978	1979	1978	1979	1978	1979	1978	1979
	(t)	(t)	(t)	(t)	(t)	(t)	(t)	(t)	(t)	(t)
Butter	6 260	5 985	151	244	-	110	-	-	6 411	6 339
Cheese	1 990	1 645	-	-	-	12	-	-	1 990	1 657
Meat	708	1 090	-	*)	-	-	-	34	708	1 124

\*) In Belgium 5 500 pieces of Ardenner ham have been delivered.

The data shown for Germany indicate the sale on board the ships and the deliveries from Denmark are therefore assumed to be incorporated in the German data.

No products are delivered in Italy or from Luxembourg, and the United Kingdom has no data available. France has submitted no information. As far as the Commission knows, that Member State does not apply the regulation.

3. From the data referred to under 2 it can be seen that sale on board ship has gone back, but more Member States are applying the possibility to grant exemption from import duties.

The decline in percentages in relationship to the 1977 figure is shown below :

Table A is based on the estimate used when adopting Regulation (EEC) No 3023/77, cfr. paragraph 1.

Table B is based on the information from the shipowners.

	TABLE A		TABLE B	
	1978	1979	1978	1979
Butter	54	55	21	22
Cheese	50	59	30	41
Meat	72	55	57	32

4. It is estimated that deliveries during 1980 will correspond to those in 1979.

Conclusion

The data show that the traffic concerned has declined and that the Community measures have led in the right direction. The data show, however, also that such traffic has stabilized and that the present measures are not sufficient in order to bring it to an end.