

## EUROPEAN PARLIAMENT

# Working Documents

1983 - 1984

---

16 December 1983

DOCUMENT 1-1153/83

### REPORT

drawn up on behalf of the Committee on External  
Economic Relations on

- I. the recommendation from the Commission of the European Communities to the Council (Doc. 1-625/83 - COM(83) 374 final) for a regulation concluding the International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982
  
- II. the proposal from the Commission of the European Communities to the Council (Doc. 1-608/83 - COM(83) 358 final) for a regulation on outward processing relief arrangements of 16 June 1983

Rapporteur: Mrs A. PHLIX



By letters of 14 and 22 July 1983, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 113 of the EEC Treaty, to deliver an opinion on the recommendation for a regulation (EEC) concluding the International Convention on the Harmonization of Frontier Controls of Goods (Doc. 1-625/83) and on a proposal for a regulation (EEC) on outward processing relief arrangements (Doc. 1-608/83).

On 12 September 1983, the President of the European Parliament referred these proposals to the Committee on External Economic Relations as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection and the Committee on Economic and Monetary Affairs for an opinion.

At its meeting of 27 September 1983, the Committee on External Economic Relations appointed Mrs PHLIX rapporteur.

It considered the Commission's proposals and the draft report at its meetings of 27/28 September 1983, 3 November 1983 and 1 December 1983.

At its meeting of 1 December 1983, the committee decided unanimously to recommend to Parliament that it adopt the commission's proposal without amendment.

The following took part in the vote: Sir Fred CATHERWOOD, chairman; Mrs PHILIX, rapporteur; Mr ALMIRANTE, Mr COHEN (deputizing for Mr RIEGER), Mrs GREDAL (deputizing for Mrs WIECZOREK-ZEUL) Miss HOOPER, Mr LEMMER, Mr MOMMERSTEEG, Mrs L. MOREAU, Mr PELIKAN, Mr RADOUX, Mr SEELER, Mr SEGRE (deputizing for Mrs BADUEL GLORIOSO), Mr SPENCER and Mr ZIAGAS.

The opinions of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection are attached.

The report was submitted on 6 December 1983.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION .....	5
B. EXPLANATORY STATEMENT .....	7
I. A recommendation for a Council regulation (EEC) concluding the International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982 .....	7
I. The Convention, The European Community and International Law .....	7
II. Main provisions of the Convention .....	8
III. Conclusion .....	8
II. Proposal for a Council regulation (EEC) on outward processing relief arrangements .....	9
Introduction .....	9
Objectives of the proposal fo a regulation .....	10
III. Main provisions of the proposal .....	10
A. Goods that benefit .....	10
B. Contents of the authorization and conditions governing the granting thereof .....	11
C. Provisions relating to the operation of the arrangements .....	12
D. Conclusion .....	13
Opinion of the Committee on the Environment, Public Health and Consumer Protection (PE 86.757/fin.) .....	14
Opinions of the Committee on Economic and Monetary Affairs (PE 87.620/fin. and PE 85.907/fin.) .....	16

The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on

- I the recommendation from the Commission of the European Communities to the Council for a regulation concluding the International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982
- II the proposal from the Commission of the European Communities to the Council for a regulation on outward processing relief arrangements of 16 June 1983

The European Parliament,

- A. having regard to the text of the International Convention on the Harmonization of Frontier Controls of Goods concluded at Geneva on 21 October 1982,
  - B. having regard to the recommendation for a Council regulation (EEC) COM(83) 374 final and Doc. 1-625/83,
  - C. having regard to the proposal for a Council regulation (EEC) on outward processing relief arrangements COM(83) 358 final and Doc. 1-608/83, (1)
  - D. having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection (Doc. 1-1153/83),
1. Notes that it is necessary to facilitate the movement of goods across borders;

---

(1) OJ No. C203 of 29.7.1983, p.16

2. Takes the view that the conditions under which controls are carried out may be broadly harmonized without detracting from their purpose, the efficiency with which they are implemented and their effectiveness;
3. Considers that the relaxation of controls would help to promote the Community's external trade;
4. Approves, therefore, the International Convention on the Harmonization of Frontier Controls of Goods concluded at Geneva on 21 October 1982 with a view to its application to the controls carried out at the external frontiers of the Community;
5. Hopes that the President of the Council, acting on behalf of the Community, will deposit the instrument of ratification pursuant to Article 16(3) of the Convention;
6. Approves the proposal for a Council regulation (EEC) on outward processing relief arrangements,
7. Instructs its President to forward this resolution to the Commission and Council of the European Communities, the governments of the Member States and the UN Secretariat.

EXPLANATORY STATEMENT

I. Recommendation for a Council regulation (EEC) concluding the International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982 COM(83) 374 final - Doc. 1-625/83

I. The Convention, the European Community and International Law

1. Community participation in the Convention

- The Convention is open to participation by regional economic integration organizations constituted by sovereign States which, like the Community, have the power to negotiate, conclude and apply international agreements.

- The Community will have participant status comparable to that of a State while its own Member States will enjoy maximum representation within the body which administers the Convention.

- The Convention does not encroach upon the European Community's internal administrative regulations, since the Community is not obliged to apply the Convention to controls at its internal frontiers.

2. Scope of the Convention

- coordination between the services responsible for carrying out controls, whether customs or other,

- the introduction of infrastructures needed for and suited to carrying out such controls and consistent with traffic requirements,

- international cooperation in this field both between governments and between control services,

- the provision of extensive information on the rules in force,

- harmonization of the documents used for control purposes.

## II. Main provisions of the Convention

### 1. Objective and scope

'This Convention applies to all goods being imported or exported or in transit, when being moved across one or more maritime, air or inland frontiers'. (Article 3(1))

### 2. Harmonization of procedures

This involves a series of measures essentially dictated by common sense and already widely implemented, for example the coordination of opening hours of frontier posts, the provision of adequate facilities and premises for effecting the controls, the use of standardized documents, etc.

### 3. Provisions on transit

Efforts will be made to encourage the use of standardized containers and provide speedy treatment for goods in transit.

### 4. Settlement of disputes

An arbitration tribunal may be set up in accordance with the procedures generally prescribed by international law.

In addition, any contracting party may, at the time of acceding to this Convention, enter a reservation declaring that it does not consider itself bound by this provision on the settlement of disputes.

## III. Conclusion

On the whole the Convention is essentially technical in nature, having as its objective the harmonization and simplification of procedures which are already in common use in each of our Member States. Moreover, it is a framework document formulated in very general terms, which may be adjusted on a case by case basis and should not give rise to any major problems of implementation.



II. Proposal for a Council regulation (EEC) on outward processing relief arrangements COM(83) 358 final and Doc. 1-608/83

Introduction

As stated by the Commission in its explanatory memorandum in COM(83) 358 final,

1. In view of the system of work recommended by the European Parliament and laid down in the Multi-Annual Programme of 1979 (1) the Commission has set out in its 1982 Programme for the Achievement of the Customs Union proposals (2) to be sent to the Council in 1982. Among these is a proposal for a Regulation regarding outward processing relief arrangements.

2. The principles set out in Council Directive 76/119/EEC of 18 December 1975 concerning the harmonization of provisions laid down by law, regulation or administrative action in respect of outward processing relief arrangements (3) have been incorporated in this proposal for a Regulation.

3. It is necessary to point out, however, that Directive 79/119/EEC was limited to the tariff aspects of the arrangement, that is to say it was limited to providing that goods exported from the Community and reimported in the form of compensating products should not bear a burden of duties at importation.

Given the development of the commercial policy at Community level, it seems desirable to provide that the procedures laid down in this proposal for a Regulation will be used also in the implementation of the common commercial policy. Indeed, the mechanisms of control provided for on the question of outward processing are likely to guarantee uniform application of commercial policy arrangements within the Community. This proposal for a Regulation is without prejudice to the application of particular rules which have been adopted in the field of textiles.

---

(1) OJ No. C 84 of 31.3.1979, p.2

(2) OJ No. L 80 of 31.3.1982, p.1

(3) OJ No. L 24 of 30.1.1976, p.58

4. Finally, this proposal provides for a greater delegation of powers of implementation and administration to the Commission, in accordance with the Resolution of the European Parliament on the development of the Customs Union and the Internal Market of 1978 (1). These powers are to be exercised by the intervention of the already existing Committee for Customs Procedures with Economic Impact.

5. Although consultation of the European Parliament and the Economic and Social Committee is not compulsory, the Commission considers it desirable that both should be invited to give their opinion on the proposal in question (2).'

#### Objectives of the proposal for a regulation

In the context of the international division of labour, a number of Community undertakings make use of the outward processing system, which entails exporting goods that will be reimported after they have been processed, worked or repaired; the system is used for economic or technical reasons.

Provision has to be made for a system of partial or total exemption from import duties applicable to compensating products, so that duty is not levied on goods exported from the Community for processing when they are reimported.

### III. Main provisions of the proposal

#### A. Goods that benefit

##### Article 2

Outward processing relief arrangements shall be open to:

- a) Community goods, on condition that their temporary exportation has not given rise or does not give rise to any exemption from or remission of import duties or to any export refund established at Community level;

---

(1) OJ No. C 108 of 8.5.1978, point 10, p.30

(2) COM(83) 358 final - Doc. 1-608/83, pp. 1-2

- b) goods in the unaltered state within the meaning of Regulation (EEC) No. \_\_\_\_\_, as well as the compensating products obtained under those arrangements.

B. Contents of the authorization and conditions governing the granting thereof

Article 3:

1. The use of outward processing relief arrangements shall be conditional on the issue of an authorization by the competent authorities of the Member State in which the temporary export formalities are to be carried out.
2. The authorization shall be issued at the request of the person who carried out the processing operations. That person shall be required to supply all the information needed for the issue of the said authorization.

Article 4:

1. The authorization shall be granted:
  - (a) only to persons established in the Community who supply proof that the processing operations will be carried out on their behalf;
  - (b) only where it is possible to ensure that the compensating products have been manufactured from the temporarily exported goods.
2. The competent authorities shall refuse to grant an authorization to persons who do not offer all the guarantees which they consider appropriate.

Article 9:

1. Subject to Article 10, the compensating products must be reimported into the customs territory of the Community by the holder of the authorization.
2. The competent authorities shall determine the time limit for reimportation having regard to the circumstances and nature of each processing operation.
3. The competent authorities shall determine the rate of yield of the processing operation.
4. The competent authorities may authorize, when the circumstances so justify, total or partial reimportation of compensating products which have only undergone part of the operations provided for in the authorization.

Article 10:

When the ownership of the temporarily exported goods under outward processing relief arrangements is transferred, the competent authorities shall allow the arrangements to continue on condition that the compensating products are reimported by the holder of the authorization.

Article 11:

The compensating products may be reimported under the arrangements by another person established in the Community provided he has obtained the consent of the holder of the first authorization and provided the conditions of the original authorization are fulfilled.

Article 12:

1. Where the compensating products are reimported into a Member State other than that from which the goods were temporarily exported, the authorization granted by the competent authorities of the Member State of temporary exportation shall be recognized by the competent authorities of the Member State of reimportation.
2. Where the circumstances so warrant, the competent authorities of the Member State of reimportation may amend the conditions provided for in the authorization.

D. Conclusion

This is fundamentally a technical regulation aimed at simplifying procedure and improving the way Community trade operates without introducing any particular innovations.

OPINION OF THE COMMITTEE ON THE ENVIRONMENT,  
PUBLIC HEALTH AND CONSUMER PROTECTION

Letter from the chairman of the committee to Sir Fred Catherwood, chairman  
of the Committee on External Economic Relations

Subject: Recommendation for a Council Regulation (EEC) concluding  
the international convention on the harmonization of  
frontier controls of goods of 21 October 1982  
(COM(83) 374 final)

Luxembourg,

Dear Sir Fred,

At its meeting of 18 October 1983 the Committee on the Environment,  
Public Health and Consumer Protection considered the Recommendation for a  
Council Regulation (EEC) concluding the International Convention on the  
Harmonization of Frontier Controls of Goods of 21 October 1982, submitted  
by the Commission to the Council, on which it was asked for its opinion on  
22 July 1983.

The committee welcomes the signing of this Convention. It notes in  
particular that the Commission, in charge of negotiations, has succeeded  
in ensuring consistency between the text of the Convention and Community  
provisions; it notes that the Convention secures access and participation  
for the Community on an equal footing with states, that it reserves the right  
for the Community to dispense with the Convention for checks carried out  
between Member States and that the aim of the Convention is to ease inter-  
national movement of goods and, in particular, to facilitate their passage  
at frontiers by rationalizing and harmonizing formalities and controls.

---

25 October 1983

The Committee on the Environment, Public Health and Consumer Protection therefore recommends that the Council adopt this regulation.

Please consider this letter as the opinion of the Committee on the Environment, Public Health and Consumer Protection.

Yours etc.

(sgd) K. COLLINS  
Chairman

The following took part in the vote: Mr COLLINS (chairman); Mrs WEBER (vice-chairman); Mr ALBER, Mr FORTH, Mrs LENTZ-CORNETTE, Mrs MAIJ-WEGGEN (deputizing for Mr Ghergo), Mr MERTENS (deputizing for Mr DEL DUCA), Mr MUNTINGH, Mr PROVAN (deputizing for Mr Johnson), Mrs PRUVOT (deputizing for Mr NORDMANN), Mrs SCHLEICHER, Mrs SEIBEL-EMMERLING, Dr SHERLOCK and Mrs VAN HEMELDONCK

O P I N I O N

of the Committee on Economic and Monetary Affairs

Draftsman: Mr D. ROGALLA

On 19/20 September 1983 the Committee on Economic and Monetary Affairs appointed Mr Rogalla draftsman of the opinion.

The committee considered the draft opinion at its meeting of 21/22/23 November 1983 and at the same meeting adopted the conclusions nem.con. with one abstention.

The following took part in the vote: Mr Moreau, chairman ; Mr Rogalla, draftsman; Mr Beazley, Mr Beumer (deputizing for Mr Vergeer), Mr Delorozoy, Mrs Desouches, Mr I. Friedrich, Mr Heinemann, Mr Leonardi, Sir Brandon Rhys-Williams, Mr Seal (deputizing for Mr Rogers), Mr Wedekind (deputizing for Mr Franz) and Mr Welsh.



## The Committee on Economic and Monetary Affairs

1. Supports the provision inserted in the Convention, following a proposal from the Commission, to the effect that the Convention should be open to participation by regional economic integration organizations constituted by sovereign states, thus affording the Community as such access to the Convention, without requiring accession by a minimum number of Member States; at the same time the Member States enjoy maximum representation within the body which administers it;
2. Underlines the importance of the provision contained in the Convention whereby regional economic integration organizations have the right once the Convention enters into force not to apply controls at their internal frontiers, this being absolutely essential for the common market if its achievements in terms of the free movement of goods within the Community are not to be jeopardized;
3. Considers that the Convention can improve the international movement of goods and facilitate their passage at frontiers by the proposed rationalization and harmonization of the formalities and controls to which such goods are subject; this will however scarcely be feasible without the constructive support of all the states involved.
4. Approves therefore Community accession to the proposed Convention, which can simplify the procedures for and thus materially encourage the Community's exports to third countries.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman: Mr Karl von WOGAU

On 21 September 1983 the Committee on Economic and Monetary Affairs appointed Mr Karl von WOGAU draftsman of the opinion.

The committee considered the proposal for a Regulation at its meeting of 18 October 1983 and adopted the opinion unanimously.

The following took part in the vote: Mr MOREAU, chairman; Mr DELEAU, vice-chairman; Mr von WOGAU, draftsman; Mr BEAZLEY, Mr BONACCINI, Mr CAROSSINO, (deputizing for Mer FERNANDEZ), Mr DELOROZOY, Mr HERMAN, Mr LEONARDI, Mr PAPANTONIOU and Mr WELSH.

# EUROPEAN PARLIAMENT

## COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

### OPINION

for  
the Committee on External Economic Relations

on the

Recommendation for a Council Regulation concluding the international  
Convention on the harmonization of frontier controls of goods  
of 21 October 1982

(COM(83) 374 final - Doc. 1-625/83)

Draftsman: Mr D. ROGALLA

-----  
24.11.1983

PE 86.175 /fin.

1. In December 1975 the Council adopted a directive on outward processing relief arrangements; the aim of this proposal is to convert that directive into a regulation, which will be directly applicable in all the Member States and will ensure that the procedures are more uniformly applied throughout the Community. The proposal is thus analogous to that submitted by the Commission at the end of 1981 for converting the directive on inward processing relief arrangements into a regulation, and on which the Committee on Economic and Monetary Affairs delivered a favourable opinion (see Doc. 1-316/82).

The Committee on Economic and Monetary Affairs and the European Parliament have repeatedly<sup>1</sup> called upon the Commission to draw up common, comprehensive and effective customs legislation; the committee therefore welcomes the fact that the Commission is now proposing a regulation on outward processing to replace the existing directive<sup>2</sup>, thus ensuring more uniform application of customs procedures in the Member States.

2. According to the Commission's explanatory memorandum, the principles of the existing directive have been retained in this proposal for a regulation. However, in respect of its scope, the Commission points out that the present directive confines itself to the tariff aspects of the arrangements, that is to say it covers only those goods that are subject to import duty; the proposed regulation would extend the procedure to goods not liable to import duties but subject to other commercial policy measures. The Committee on Economic and Monetary Affairs endorses this as a way of securing more uniform application of commercial policy measures throughout the Community.

3. The proposal for a regulation also naturally differs in a number of respects from the existing directive, as a regulation is binding in its entirety and directly applicable in all Member States.

-----

<sup>1</sup> e.g. European Parliament Resolution of 16.10.1980, OJ No. C 291, 10.11.1980, p. 43

<sup>2</sup> Article 189 of the EEC Treaty defines regulations and directives as follows:

'A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States.

A directive shall be binding, as to the results to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.'

4. In addition, the proposal differs from the directive now in force in conferring on the Commission (and on the Committee for Customs Procedures with Economic Impact, whose creation was proposed elsewhere and on which the Member States are represented) greater powers of implementation and administration. Such delegation of powers to the Commission accords with Article 155 of the EEC Treaty and with the recommendation of the European Parliament as expressed in its resolution of 11.4.1978<sup>1</sup>.

However, as the Committee on Economic and Monetary Affairs pointed out in its report on the amendment of the outline directive on measuring instruments (Doc. 1-537/81), it is fundamentally undesirable that in some cases decisions may be taken by the Council without consultation of the European Parliament. The European Parliament therefore proposed an amendment to the procedure laid down, which was accepted by the Commission<sup>2</sup>.

The fact that we are now dealing with a regulation rather than a directive makes this aspect even more important.

5. No other points have been raised by the Committee on Economic and Monetary Affairs justifying amendments to the individual articles of the proposal for a regulation.

#### CONCLUSIONS

6. The Committee on Economic and Monetary Affairs therefore supports the Commission's proposal and calls upon the committee responsible to draw up a motion for a resolution:

- (a) expressing the European Parliament's support for the conversion of a number of directives concerning "economic" customs procedures into regulations;

-----  
<sup>1</sup> see OJ No. C 108 of 8.5.1978, paragraph 10, p. 30

<sup>2</sup> see the Commission's amended proposal for a directive on measuring instruments, OJ No. C 44 of 18.2.1982

- (b) expressing the European Parliament's agreement that greater use should be made here of the provisions of the EEC Treaty whereby the powers of implementation and administration arising out of Community Regulations may be conferred on the Commission;
- (c) insisting once again that Article 18(3) of the proposal for a regulation on inward processing relief arrangements (referred to in Article 19 of the proposed regulation) be amended to provide for consultation of the European Parliament in cases where amendments are submitted to the Council for a decision<sup>1</sup>.

-----  
<sup>1</sup> see the Opinion of the Committee on Economic and Monetary Affairs on the proposal for a regulation on inward processing relief arrangements (Doc. 1-316/82)