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Report

drawn up on behalf of the Committee on Economic and Monetary Affairs

on the proposal from the Commission of the European Communities to the
Council (Doc. 237/75) for a regulation amending Regulation (EEC) No. 542/69

on Community transit

Rapporteur: Mr K. MITTERDORFER

PE 41.908/fin.



By letter of 3 September 1975 the President of the Council of the European Communities requested the European Parliament pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 542/69 on Community transit.

By letter of 15 September 1975, the President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions.

On 16 September 1975 the Committee on Economic and Monetary Affairs appointed Mr Karl Mitterdorfer rapporteur.

It considered the proposal at its meetings of 15 and 16 September and 2 and 3 October 1975.

At its meeting of 2 October 1975 the committee unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Leenhardt, chairman; Mr Notenboom and Sir Brandon Rhys Williams, vice-chairmen; Mr Mitterdorfer, rapporteur; Mr Achenbach, Mr Albertsen, Lord Ardwick, Mr De Keersmaecker, Mr Delmotte, Lord Gordon-Walker, Mr Leonardi, Mr Prescott and Mr Suck.

The opinions of the Committee on Budgets and the Committee on External Economic Relations are attached.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) 542/69 on Community transit

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹;
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 237/75);
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets and the Committee on External Economic Relations (Doc. 323/75);
1. Notes with satisfaction that the Commission is making effective progress with its simplification programme for customs procedures and duties and institutional methods of examining customs matters;
 2. Regards the Commission's proposal as a further effective contribution to the achievement of the internal Community market;
 3. Points out that a fundamental simplification will be achieved in respect of the carriage of goods by rail, road and air within the Community by abolishing costly administrative formalities;
 4. Emphasizes that, compared with the previous arrangements, the guarantee system has been made more flexible in that it has been made dependent on the sufficiency of the principal and the list of goods requiring a guarantee has been shortened;
 5. Regrets that the fixing of criteria for exemption from furnishing a guarantee has been left to the separate national administrations and fears that this may lead to distortions of competition to the disadvantage of small and medium-sized undertakings;
 6. Believes that the list of goods still subject to the guarantee requirement should include as small a number of products as possible and be based on objective Community criteria;

¹ OJ No. C 204 of 6.9.1975, p.2

7. Takes this opportunity to ask to draw up proposals on the extension of mutual assistance by the Member States on the collection of customs duties;
8. Requests the Commission to incorporate the following amendments in its proposals pursuant to the second paragraph of Article 149 of the EEC Treaty and, subject to this reservation, approves the Commission's proposals.

Proposal for a Council regulation on Community transit

Preamble and recitals : unchanged

Article 1 unchanged

Article 2

The following Articles are added to
Regulation (EEC) No. 542/69:

'Article 27a

1. In derogation from Article 27,
the principal may be exempted from
furnishing a guarantee when the risk
of non-recovery of duties and any
other applicable charges is con-
sidered negligible according to the
sufficiency of the principal.

2. The provisions necessary for
the application of paragraph 1 shall
be adopted under the procedure laid
down in Article 58.

Article 27b

1. In derogation from Article 27,
the principal shall be exempted
from furnishing a guarantee for
goods which fulfil the conditions
laid down in Articles 9 and 10 of
the Treaty establishing the European
Economic Community and for goods
covered by the Treaty establishing
the European Coal and Steel Community
which are in free circulation in
accordance with this Treaty except
such goods shown on a list drawn
up under the procedure laid down in
Article 58.

Article 2

The following Articles are added to
Regulation (EEC) No. 542/69:

'Article 27a

1. In derogation from Article 27,
the principal may be exempted from
furnishing a guarantee when the risk
of non-recovery of duties and any
other applicable charges is con-
sidered negligible according to the
sufficiency of the principal.

2. For the application of paragraph
1, objective criteria excluding dis-
tortions of competition to the
disadvantage of small undertakings
shall be laid down under the pro-
cedure stipulated in Article 58 as a
condition of exemption from the
obligation to furnish a guarantee.

Article 27b

1. In derogation from Article 27,
the principal shall be exempted
from furnishing a guarantee for
goods which fulfil the conditions
laid down in Articles 9 and 10 of
the Treaty establishing the European
Economic Community and for goods
covered by the Treaty establishing
the European Coal and Steel Community
which are in free circulation in
accordance with this Treaty except
such goods shown on a list drawn
up under the procedure laid down in
Article 58.

¹ For full text, see OJ No. C 204 of 6.9.1975, p.2

2. Only goods which present additional risks due to the high level of charges to which they are liable, in particular excise duties and other charges on consumption, other than value added tax, shall be included in the list.¹

2. This list shall be based on objective criteria and shall include as limited a range of goods as possible, namely only goods which present additional risks due to the high level of charges to which they are liable, in particular excise duties and other charges on consumption, other than value added tax.

Articles 4 to 9 inclusive unchanged

¹ The above is the corrected English text of Article 27b(2)

EXPLANATORY STATEMENT1. Introduction

1. On 18 March 1969 the Council adopted Regulation No. 542 on Community transit¹. The purpose of this regulation is to simplify customs formalities at internal Community frontiers. The basic regulation has since been extended and improved to bring it more into line with the needs of trade and administration.

2. In its previous reports² the Committee on Economic and Monetary Affairs repeatedly referred to the noticeably limited use made of the Community transit procedures, in spite of their undisputable advantages. Some of the reasons given for this were the conservatism of the users, the influence of vested interests and the failure of Switzerland and Austria to apply this regulation. The regulation was subsequently extended to Austria and Switzerland as of 1 January 1974, which undoubtedly led to increased use of the procedures.

3. The proposal under consideration is aimed at further simplifying transit procedures by changing certain provisions of Regulation No. 542/69. The objective is therefore to achieve certain measures announced in the Commission's simplification programme presented to the Council on 25 February 1975³.

2. Introduction of a more flexible guarantee procedure

4. The most important change proposed by the Commission is aimed at making the guarantee procedure more flexible.

In the absence of an agreement between the Member States laying down compulsory measures for the collection of customs duties or levies in a Member State other than that in which they arise, a system of guarantee procedures was set up by Regulation 542/69. Experience of this system led the Commission to question the need for a guarantee system. Since the risk of non-recovery of duties and other charges is practically nil in the case of business firms established in the Community who frequently export goods and scrupulously and accurately observe the obligations for which they are responsible in customs and fiscal matters and whose solvency is never in doubt, the Commission proposes the addition of a new Article 27a making the guarantee procedure dependent on the sufficiency of the principal.

¹ OJ No. L 77, 22 March 1969

² Doc. 190/71 and Doc. 265/71, 8 March 1971

³ Doc. 22/75

The Committee on Economic and Monetary Affairs agrees with the proposal, provided that the conditions for the implementation of this paragraph set out clear and objective criteria for determining principals exempted from furnishing a guarantee. According to the Commission, it will be difficult to arrive at uniform Community criteria in the Committee on Community Transit in accordance with Article 58 of Regulation No. 542/69 and the exemption from furnishing a guarantee should be left to national administrations, which is bound to introduce some degree of arbitrariness.

Moreover, the criteria laid down must not be such as to give precedence for exemption from furnishing a guarantee to large undertakings as this would constitute a fundamental distortion of competition to the disadvantage of smaller undertakings.

5. In respect of Community goods the Commission also proposes total abolition of the guarantee in the new Article 27b. It proposes however that this shall not apply to certain categories of goods which, because of their nature and the high level of charges to which they are liable, present much greater risks to the administrations during transit.

The list of goods to which the exemption from submitting a guarantee is not to apply must also be based on objective criteria and should include as limited a range of products as possible. It will obviously include products subject to excise duty such as tobacco, spirits, beer, etc.

6. Subject to the above reservations regarding the conditions of implementation, the Committee on Economic and Monetary Affairs approves the proposals relating to the guarantee system. They are bound to reduce the cost of administrative formalities in international trade, in particular internal Community trade, and therefore to have a stimulating effect on trade.

Moreover, as a result of the limitation of the guarantee requirement, previous discrimination and distortion of competition will be partly relieved to the advantage of certain forms of transport, in particular the railways, carriage on the Rhine, by sea and air, and by pipelines which, pursuant to Articles 42 to 47 inclusive of Regulation No. 542/69 are exempted from the requirement to furnish a guarantee.

7. The Commission proposes further adjustments bringing the rest of the regulation into line with its proposal on the guarantee requirement. The adoption of Articles 27a and 27b nullifies Article 40, which should therefore be deleted. Article 41, which has sometimes been used to split the transit to avoid the requirement to provide a guarantee, has now become superfluous. Exemption from the Community transit regulations is only relevant if goods are to be transported only to the frontier office of the neighbouring Member State. In that case, the application of Community transit procedures would only complicate customs formalities, and this should be avoided. With the

aim of achieving a further simplification of the formalities, the Commission proposes extending the above possibilities for exemption from Community transit procedure to goods subject to Community measures for the control of use or destination, except in the case of goods which cross an internal sea frontier.

3. Simplification of railway transit procedure

8. The Commission proposes the abolition of the existing TIF procedure for cross-frontier carriage of goods by rail. Since the setting up of the simplified Community transit system for goods carried by rail¹, this procedure is now hardly used. The existence of several regulations makes the work of the railway administrative authorities considerably more complicated. The harmonization of transit procedures and paperwork has been repeatedly called for by Parliament². Moreover, customs formalities under a regulation other than that on Community transit procedure result in prolonged delays. The possibility of splitting the transit on the basis of Article 41 was therefore excluded in the case of rail transport (see proposal for the amendment of Article 42).

9. The Commission has also submitted proposals amending Articles 44 and 45 and aimed at increasing the efficiency of customs formalities, the amendment of other Community regulations and simplification of the procedures.

¹ OJ No. L 45, 12 February 1971

² Doc. 155/75 p.31 and Doc. 109/72

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the committee to Mr LEENHARDT, chairman of the
Committee on Economic and Monetary Affairs

Luxembourg, 10 October 1975

Dear Mr Chairman,

At its meeting of 7 October 1975, the Committee on Budgets considered the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No. 542/69 on Community transit (Doc. 237/75).

The Committee on Budgets agreed that this proposal, which takes account of five years of experience with the present system, will make it possible to simplify the procedures relating to the free movement of goods. The modifications will not entail any increase in Community expenditure in this field and will contribute to the achievement of complete freedom of movement for goods in the Community.

Since this proposal in no way affects the Community's budgetary resources, the Committee on Budgets has decided to deliver a favourable opinion.

Yours sincerely,

Erwin LANGE

Present: Mr Durand, vice-chairman (deputizing for Mr Lange, chairman); Lord Bruce of Donington, Mr Dalyell, Mr Gerlach, Mr Kirk, Mr Memmel (deputizing for Mr Pâtre), Mr Rivierez (deputizing for Mr Terrenoire), Mr Shaw and Mr Yeats.

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Letter from the chairman of the committee to Mr LEENHARDT, chairman of the
Committee on Economic and Monetary Affairs

Brussels, 30 September 1975

Subject: Opinion of the Committee on External Economic Relations on
Doc. 237/75

Dear Mr Chairman,

At its meeting of 30 September 1975¹ the Committee on External Economic Relations considered the proposal for a Council regulation amending Regulation (EEC) 542/69 on Community transit, on which it had been asked to deliver an opinion to your committee (Doc. 237/75).

Our committee felt that without going into the highly technical details of the measures concerned, the entry into force on 1 January 1976 of the regulation proposed by the Commission should significantly help to reduce the formalities, particularly as regards customs procedures, that have governed the operation of the Community transit system since 1967.

This is a positive step, and as such is welcomed by the Committee on External Economic Relations.

The committee has therefore instructed me to inform you of its approval, without modification, of the proposal for a regulation on which it was asked for its opinion.

Yours sincerely,

(sgd.) G. KASPEREIT

¹ Present: Mr Kaspereit, chairman; Mr Scott-Hopkins, vice-chairman; Mr Brégégère, Mr Bourdellès (deputizing for Mr Baas), Mr Cipolla, Mr D'Angelosante, Mr Dunne, Mr Dykes, Mr Fellermaier, Mr Klepsch, Mr de Koning, Mr E. Muller, Mr Pintat, Mr Thornley and Mr Schulz.

