

June 4, 1982

BREAKING DOWN BARRIERS

Extracts from a speech by Christopher Tugendhat, Vice-President of the Commission of the European Communities at a lunch for businessmen on June 4, 1982 at Melford Grange Hotel, Woodbridge, Suffolk.

In a speech on June 4 at the Melford Grange Hotel, Woodbridge, Suffolk, Vice-President Tugendhat reassured businessmen that the Commission had no intention of abolishing duty-free shops in intra-Community travel. The Vice-President also said that the Commission was not concerned with harmonisation of national standards for its own sake but was pursuing programmes on the elimination of barriers to trade in order to make it easier for commerce and industry to trade to other Member States.

On Duty-free shops Mr Tugendhat said: There has been a certain amount of speculation in the press and in trade circles that the Commission wishes to abolish duty-free shops. This is not the case. The Commission has taken no initiative itself but certain recent pronouncements of the European Court of Justice do have an impact on duty-free shops and the Commission has written to the Member States asking them to comply with the judgment.

The matter arose in a judgment last summer in the German butterships case. (Butterships were ships which operated cruises from German ports solely for the purpose of selling goods duty-free once outside territorial waters. The ships normally returned to the port of departure without having been to a foreign port). On the main issue the Court said that practice of butterships was illegal. More generally it also held that all goods which are sold in intra-Community trade must have been admitted into free circulation in the Community, that is to say the customs duties of the common external tariff and any applicable agricultural levies must have been paid. The Commission has therefore written to the Member States asking them to ensure that duty-free shops only sell goods that originate outside the Community duty and levies paid. But this element of the judgment affects only a small proportion of goods sold in duty-free shops in Europe. The overwhelming bulk of duty-free sales in intra-Community trade is made up of goods of Community origin. One has only to think of the quantities of wines and spirits and perfumes and Community-manufactured tobaccos which are sold to see that this is so. These goods are therefore unaffected by the Court's pronouncements on customs duties and levies. The principal exemption enjoyed by these goods are exemptions from value added tax and excise duty and the Court said nothing about these.

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The impact of the butterships judgment on duty-free shops is therefore much less than might be supposed. In reply to a recent question from the European Parliament the Commission went on record as saying that it had taken no initiative on duty-free shops apart from securing compliance with the butterships judgment. I can assure you that it is not expected that the present Commission will return to the subject of duty-free shops.

Harmonisation of technical standards. Mr Tugendhat said: In all cases the Community's intention has been the elimination of barriers to goods complying with certain standards, not harmonisation for the sake of it. If some of the subjects have appeared humorous or arcane (e.g. standards on noise emitted by lawn mowers), the Community proposals and directives have as their basis the underlying reality that manufacturers are not infrequently faced with conflicting national standards which effectively close certain markets. Our work on harmonisation must be seen as making life easier for the exporter, we are not interested in senseless uniformity and that is not how the harmonisation directives are formulated.

Apart from this work on standards the Commission is now devoting increasing attention to the reduction of formalities and controls at frontiers between Member States of the Community. In the first of what will be a series of related proposals the Commission on April 11 of this year put forward a proposal for a Council directive on the facilitation of formalities and inspections in respect of carriage of goods between Member States. This proposal was put forward in response to representation from haulage industry organisations, forwarding agencies and transport users.

This first directive envisages that inspection formalities should be carried out at one place and preferably the place of departure or destination. It also calls for increased use of spot checks, as opposed to systematic inspection coupled with acceptance of the results of inspections in Member States. Greater cooperation between authorities is also to be required, more flexible opening hours at main frontier posts; and streamlined clearance facilities. All of these measures should contribute to reducing delays for lorry drivers at frontiers.

Still in the same sphere, the Commission hopes to come forward before the summer holidays with a proposal for simplification of VAT procedures in international trade. Ideas for a single international transport document are also under consideration.
