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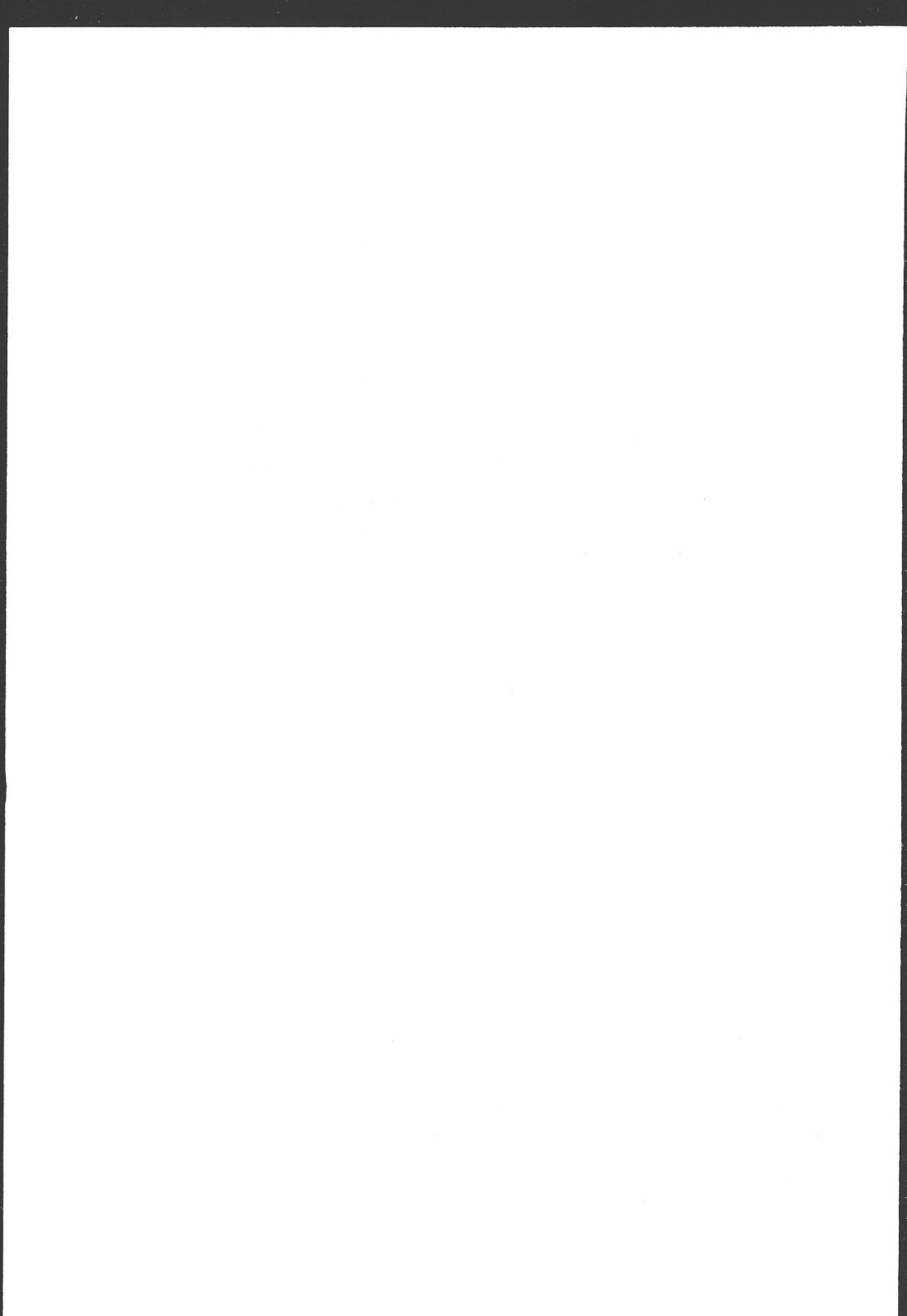
No 29 - Fin d'année 1997

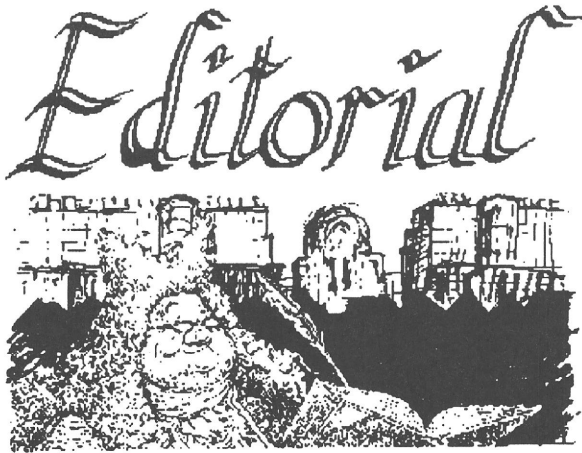
Direction Générale XXI
Douane et Fiscalité Indirecte

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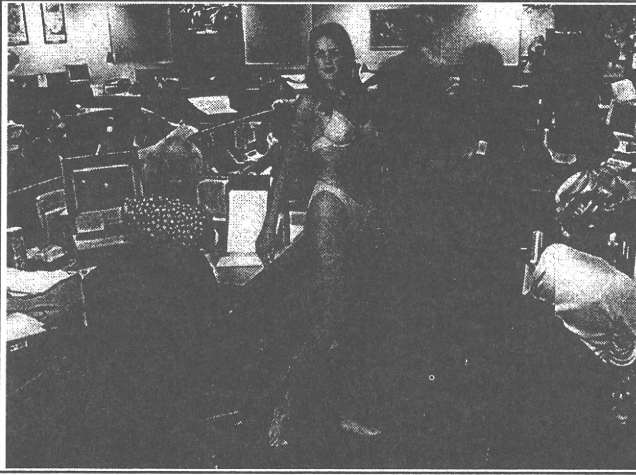
The new broom has brushed¹⁾. Those who had their eyes open on arrival on Monday 20 October nearly couldn't believe they were in the right building. All those cosy ads for concerts and visits banished from the entrance hall and relegated to the coffee bar corridor, now we have an efficient image and the guards have new uniforms. Not that we are not efficient, just perhaps not quite as efficient or effective as we might be. All organizations tend towards this, which is why it is useful from time to time to have a different set of eyes at the top looking for dark forgotten corners. Welcome to Mr. Vanden Abeele and his team, it will take time for us all to get used to each other, hopefully without too much tears and frus-

tration! And farewell to the almost new broom and his team who didn't quite have the time to find all the corners and work out what to do about them! Lots of fun and hard work cleaning up DG XI and the environment.

Υ⊗Υ⊗Υ⊗Υ⊗Υ⊗Υ⊗Υ

To our considerable surprise we are one of corners! Info is not sufficiently informative and not professionally presented. What we need is an "internal newsletter" 10 or so times a year on A4 paper, professionally laid out, with lots of information on seminars etc. to come and news of past successes. The target audience of such an "internal newsletter" is the outside world - you will also be informed. We don't have the re-

¹⁾ A new broom sweeps clean - English proverb meaning more or less "Coup de balai du (nouveau) chef"



sources for INFO alongside the newsletter, so this will be the last edition.

ΥΘΞΥΘΞΥΘΞΥΘΞ

Another of the corners that might be looked at has to do with the efficient use of resources even if it is not policy orientated. One of the things management should look after is its human resources, otherwise called people. How well do we look after our new people? It doesn't matter if they are young new officials or old national experts as they are both experiencing something new. Up to now we have tended to use the 'sink or swim' approach', but is this really the best way? It seems to us that we need a policy for new arrivals; for example, why cannot each new arrival be given a willing twin of roughly the same

age and background that has suffered the same disorientation not so long ago? It helps to have someone outside the immediate hierarchy to whom you can go for advice without feeling a complete idiot. Why don't we have an older official to whom any of the new

people can turn if they think their interests are being neglected? Perhaps he or she couldn't actually do anything but they might have the presence and status to go to, or lean on, someone who can. It is at this early stage that an individual assessment of training needs could be drawn up with the training officer early in their career here designed to plug any obvious gaps in the upbringing of a new recruit so that they can become fully effective as soon as possible. But this immediately leads on to continuing needs, for example many older persons seem to think that training isn't for them as there are no courses that seem to be appropriate. Is there any attempt made to seek out these people and find out what they actually think they need? It may be that they don't have any wants and are already

perfect, but then at least we know that. Again, who actually plans careers for the high flyers, or the rest of us, or do we drift from job to job without any rhyme or reason except the immediate need to fill a particular post now.

The Info editorial board would like to hear from all (or anybody) who have come aboard in the last, say, three years to hear what you think newcomers really need in the way of support. Perhaps we could get a little group together to work out the common factors. We on the Info board are all getting a little long in the tooth to be able to remember our own ordeals at the time we arrived!

ΥΘΞΥΘΞΥΘΞΥΘΞ

If you ever look at the back of the booklet you will have found a list of the editorial team. This time you will find that some old names have gone and that new ones have appeared. Thank you very much to Ron Hoordijk, Thomas Carroll and Gilles Siccardi for all the efforts you have made and for all the help you have given over the years. Two other members of long standing were lurking in the corridors looking for suitable replacements, while Patricia Faignaert has at last become Patricia

Malden (sorry Patricia, but you know how long it takes for the dinosaur to wake up if you don't keep kicking it in the snout!).

But there were new faces already around the table, Ulrika Hansson, Hervé Godin, Paolo Garzotti, Diego Papaldo and Steve Todd, chosen not only because of their interests and talents, but also in order to have a better 'geographical' spread. You should all now know at least one of the team and you would have been welcome to seek them out and tell them what you think, if you were too scared to go to the editor himself. Thanks also then to the new members who didn't really have time to have an effect! Thanks also to Ida Perez for all the typing and layout and having put up with the Editor, John de Neumann who also has been with us from the beginning, Christina Lytridis, Manuela Cabral and Veva Ruiz for their constant helpful cheerfulness.

ΥΘΞΥΘΞΥΘΞΥΘΞ

More than one hundred and fifty people signed the petition about the fears of asbestos and the rebuilding of MDB. As yet there hasn't been any open official reaction, but a very big bird¹⁾ told

¹⁾ As opposed to the "little bird". In English you often says "a little bird told me..." if you wish not to say who exactly told you.

the Editor en passant that he had arranged for a meeting of the staff with persons from DG IX to explain all this, and why and how we would be rotating around our own centre of gravity. That was two weeks before writing this, and he was surprised at the time that we didn't already know about it. So what is happening? In the meantime we read about DG XXI refusing to move to another building while MDB is being rebuilt. We think that the time has come for somebody to explain from the fourth floor what exactly the train of events has been, what was on offer when, why it was turned down or accepted. Just what has been happening? If an explanation of the story is not given, more and more rumours will be flying about and all sorts of things, which may not be true, will become accepted as gospel truths. Which in turn may lead to lasting damage in the trust the staff has of the hierarchy. It has been left to the Unions to explain to us what is supposed to be happening and to organize mass meetings.

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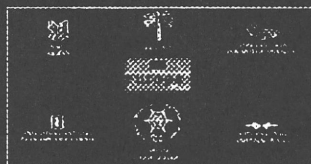
This edition has two main themes, the Internet and our reactions to it and its use and the future of duty free shopping.

Apparently DG XXI has its own web site hidden in the labyrinth of

the Commission's own site, both on the Internet and the Intranet (do you know what the difference is?). So how do you find it and what do you find when you get there? John de Neumann tells us how to find out about quotas when you arrive there. But what other things are going to be put there and what should be put

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there? We are hoping to put the Info on the site as well, which would mean you can access it some two weeks earlier than the printed edition; we will continue the printed edition for the non-computerate and those who like

to curl up with a good book at bedtime. This will also mean we can use colour and hopefully the illustrations will be clear enough to know what they are supposed to be. (John, page 13 of the last edition has a picture of a great big furry white polar bear taking it easy in the sun).

But who, exactly, is organising and designing our web site? Please come out into the open and tell us of all your plans. Will Taric be put on it, in a constantly updated version so that people can get instant cheap accurate information? Isn't this the perfect place for a consolidated version of the code, with a key word index and automated jumps to the appropriate places in the application regulations? This could be combined with references to jurisprudence of the Court and contain any proposals for changes. The same could be done for the sixth VAT Directive and the Excise law. Couldn't there be a bulletin board for administrative and other information? Shouldn't there be a place where outsiders can place their ideas so that other outsiders can see what is being suggested and append their comments? Of course the intranet version of the web site doesn't have to be the same as the Internet version: we are entitled to some privacy. It would also be another outlet for our own publicity of background consideration

papers that we have been promised.

However, for us the Internet has other, more practical, implications and we are glad to have an article on the implications for both VAT and customs. Apparently the problem of sending alcohol over the net without losing strength, volume and taste has not yet been solved, so there are



no excise implications! The article makes for more than interesting reading.

Υ⊗ΥΥ⊗ΥΥ⊗Υ⊗Υ⊗Υ

In the last edition we published in the section "Clippings" an amusing, because it was so biased, article on duty and tax free shopping taken from the "European".

This ruffled some feathers because we didn't take the opportunity to say we didn't agree with it and why. It was even seriously suggested that the inclusion of this article might imply that this was the official view of DG XXII! The Editor does not think we should shrink from publishing articles critical of us and our policies; we should not be afraid of what others think. It is clear from the section that it was in that it has nothing to do with our point of view and it merely joined the other articles in the past which have poured scorn and derision on the transit system.

But in this edition we report the spirited defence (or is it an attack?), made by our (ex) DG on the occasion of the recent conference on this subject. To complete the picture we have chosen some of the reactions we have seen to it in the press. We have made an effort, but in spite of this it does seem only to have really gotten into the English language press. Does this mean that it is not really a problem for interest groups in other Member States, even if some of the writers speak of the real or imagined problems of Scandinavian ferries and the north German coast?

Merry Christmas and a
Happy New Year
without us !



LE COIN DES DIRECTEURS GÉNÉRAUX

A fond farewell

I first promised Tony Griffiths that I would write an article just before arriving in DG XXI some 18 months ago. Sadly, my first article as Director General is of a valedictory nature.

I say "sadly" from choice, and for two reasons. First because much unfinished business remains. Second, because I have thoroughly enjoyed my time at DG XXI. I have come to admire DG XXI's professionalism and to regard you more as friends than colleagues.

UNFINISHED BUSINESS - REORGANISATION

As to unfinished business, there are three closely-related matters: the restructuring of the D.G., the introduction of MAP 2000, and the removal to new premises. But I believe that your achievements have created a ground foundation on which to build the new structure.

Your achievements over the past few years have been consider-

able. DG XXI now occupies a respected place in the Commission on policy issues related to all three Pillars of the Treaties. On each aspect of the Commission's mission - from promoting trade to protecting the public, from deepening the internal market to preparing enlargement - DG XXI is playing an active role. You have given real meaning to the Commission's work on drugs and foreign policy. You have regenerated the whole taxation agenda. Perhaps most importantly, Commissioner Monti, the College, the Member States and the European Parliament now know about your contribution.

My regrets about not completing the reorganisation do not imply pessimism about it being carried through. On the contrary, my lengthy meeting with Mr. Monti's Chef de Cabinet last Thursday and my three-hour brainstorming the day before with Mr. Vanden Abeele, have convinced me that the conditions are right. There is

universal acceptance that a new organisation should be agreed and put in place in time for the removal to a new building by next February.

PROFESSIONALISM AND FRIENDSHIP

Professionalism is part of your DG XXI tradition. It is something you take for granted. It is something which you may even underestimate. Let me tell you quite sincerely that your professionalism and technical expertise is second to none in the Commission.

I know that some of you believe that I have tried to change this by "politicising" DG XXI. This is not the case. Far from devaluing the technical professional expertise on which your work is based, I have tried to reinforce it by defining more clearly the policy objectives to be served by it. In other words, DG XXI's expertise has to

be at the service of its own and Mr. Monti's clearly defined policies.

It is true that we also support the trade policy, the fraud-repression policy and the other policies of the Commission. However, fixing our own objectives of trade facilitation or simplification as well as fraud-prevention strengthens our position in supporting these policies.

I have really enjoyed being your Director General. I will always be proud of the time, however short, I have spent here. I have nothing but admiration for your work and I regret that I will no longer be part of it.

I feel I have been part of a team and that I am leaving behind many friends. I would like to thank you for that, and for your loyal support. Good luck to you all.

Jim CURRIE

QUI FAIT QUOI?

Le long chemin pour rejoindre la Maison Europe: L'élargissement de l'Union Européenne

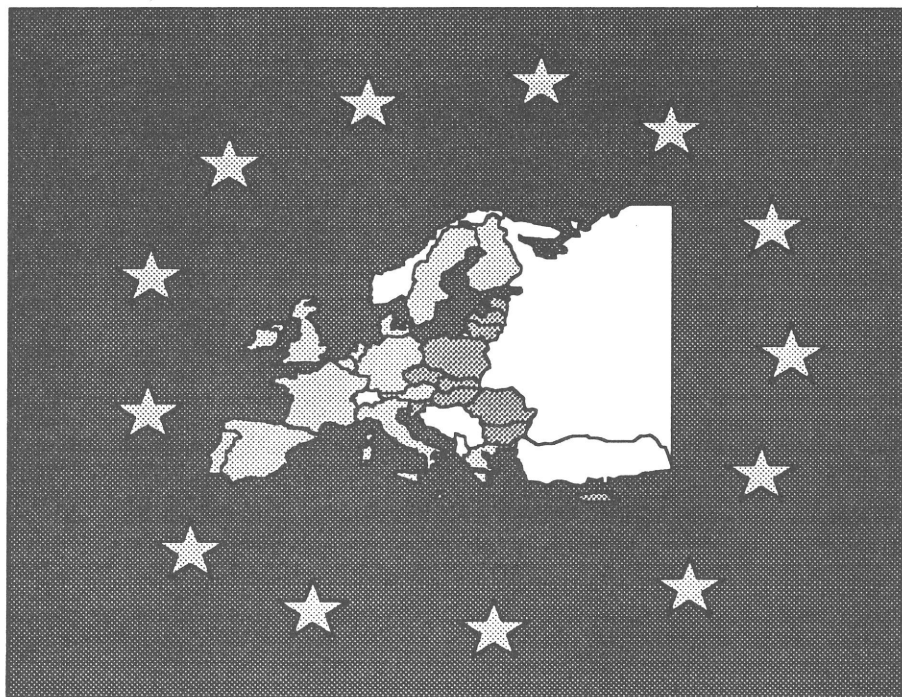
Les contacts diplomatiques et politiques entre l'Union Européenne (UE) et les Pays d'Europe Centrale et Orientale (PECOs) ont commencé vers la fin des années 1980 et ont pris une ampleur nouvelle après la chute du Mur de Berlin et l'effondrement du régime communiste en 1989. Depuis lors, les relations entre l'UE et les PECO¹⁾ ont connu un changement radical, qui peut être illustré par les éléments suivants: reconnaissance diplomatique, normalisation des relations commerciales, accès facilité au marché et autres soutiens à la mise en place d'une véritable transition, signature d'accords d'association, et début d'une phase de préparation à la pré-adhésion sous l'impulsion du Conseil Européen de Copenhague en décembre 1993. Les énormes

écarts structurels qui apparaissent dans le tableau ci-joint entre les pays candidats et l'Union européenne actuelle font de cet élargissement l'un des principaux défis du début du prochain millénaire. L'ampleur de cet exercice ne peut en aucune manière être comparée à celle des élargissements précédents.

Les conclusions du Conseil Européen de Copenhague prévoyaient que les pays associés qui le désireraient deviendraient membres de l'Union Européenne dès qu'ils seraient en mesure d'assumer les obligations (à la fois politiques et économiques) inhérentes à cette qualité de membre de l'Union, lorsque cette dernière serait en mesure d'absorber de nouveaux membres.

Le Conseil de Copenhague fut le

¹⁾ PECO: ce terme est largement utilisé dans le texte pour désigner les pays de l'Europe centrale et orientale et les pays baltes ayant conclu des accords d'association



point de départ d'une concurrence fiévreuse entre les 10 candidats à l'adhésion qui se sont livrés à une véritable course à la candidature²). Le Conseil Européen d'Essen en décembre 1994 a alors structuré la stratégie à suivre, en vue de préparer ces pays à l'adhésion.

Le Conseil Européen qui s'est réuni à Madrid en décembre 1995 a demandé à la Commission d'ac-

célérer les travaux préparatoires nécessaires à l'établissement de ses avis relatifs aux candidatures de ces pays, afin que ces avis puissent être soumis au Conseil dès que possible après la conclusion de la Conférence Inter-gouvernementale. Les candidatures devaient être examinées de manière objective, en prenant uniquement en considération les mérites respectifs de chaque pays. Le Conseil de Madrid a

2) Dates des candidatures à l'adhésion: Hongrie (31 mars 1994), Pologne (5 avril 1994), Roumanie (22 juin 1995), Slovaquie (27 juin 1995), Lettonie (13 octobre 1995), Estonie (24 novembre 1995), Lituanie (8 décembre 1995), Bulgarie (14 décembre 1995), République tchèque (17 janvier 1996), Slovénie (10 juin 1996)

également réaffirmé que l'adhésion de Chypre serait envisagée en premier lieu.

Le 15 juillet 1997, la Commission a présenté sa communication "Agenda 2000" et ses avis concernant les candidatures à l'adhésion à l'Union Européenne. Le volume II de la communication Agenda 2000 répond au défi que constitue l'élargissement et propose une **"stratégie renforcée de pré-adhésion"** qui s'articulera autour des axes suivants :

- ↳ rassembler dans un cadre unique appelé **"Partenariat pour l'Adhésion"** toutes les ressources et formes d'assistance disponibles pour la préparation des pays candidats à l'adoption et à la mise en oeuvre de l'acquis communautaire lors de leur adhésion.
- ↳ étendre la participation des pays candidats aux **programmes communautaires** et aux mécanismes d'application de l'acquis.

En ce qui concerne le "Partenariat pour l'Adhésion", notre Direction générale a, la première, montré le chemin en établissant une stratégie de préparation à la pré-adhésion qui s'inscrit dans la série d'initiatives actuellement préparées par la DG IA dans le cadre du Partenariat pour l'adhé-

sion. Davantage d'informations à propos des initiatives qui seront prises dans ces domaines, peuvent être obtenues auprès des membres de la Task Force Elargissement ou de l'unité XXI/A/3.

Compte tenu du rôle crucial que les administrations des douanes et de la fiscalité indirecte jouent en assurant le bon fonctionnement du Marché Intérieur, l'application correcte des politiques communautaires, la protection de la société et la collecte des ressources propres, la préparation de ces administrations clefs à la sauvegarde des intérêts communautaires lors de l'élargissement est considérée comme revêtant une importance fondamentale. A cet égard, nous explorons les moyens d'associer pleinement les Etats membres de l'UE aux initiatives de la Commission pour la préparation des administrations des PECO à l'adhésion.

En ce qui concerne l'ouverture des programmes communautaires, les unités B7, C4 et A3 travaillent en étroite collaboration avec la DG IA à la mise en oeuvre des longues procédures nécessaires à l'amendement du programme Matthaeus, à l'adoption de Fiscalis et à la préparation des décisions du Conseil d'Association pour chacun des PECO, qui permettra leur pleine partici-

La Convention de Kyoto

Simplification et harmonisation

Il a été constaté depuis longtemps que la complexité et le manque d'uniformité des formalités douanières étaient une entrave importante pour le commerce international et, dans certains cas même, une mesure protectionniste indirecte. Déjà en 1923, une "Convention internationale sur la simplification des formalités douanières et similaires" avait été conclue sous les auspices de la Société des Nations. La mise au point du GATT en 1947 et l'établissement du Conseil de Coopération Douanière¹⁾ (CCD) en 1950 ont constitué un progrès important dans le domaine de la simplification et de l'harmonisation. L'OMD a notamment été chargée d'assurer le plus haut degré d'harmonisation et d'uniformité des régimes douaniers et d'étudier les problèmes inhérents au développement et au progrès de la technique douanière et de la législation y afférente. Ce n'est qu'en 1969 que l'OMD a décidé de rédiger un instrument international qui couvrirait tous les aspects de la réglementation douanière et qui serait présenté d'une

manière logique et systématique. Les travaux préparatoires ont abouti à l'adoption de la Convention internationale pour la simplification et l'harmonisation des régimes douaniers, signée le 18 mai 1973 à Kyoto, au Japon (Convention de Kyoto).

La Convention de Kyoto, un bâtiment incomplet

La Convention de Kyoto est composée d'un corps assez court, 19 articles seulement, et de 31 annexes spécifiques dont chacune joue le rôle d'une Convention distincte. Seule l'acceptation du corps ainsi que des diverses définitions figurant au début de chaque annexe est obligatoire et sans possibilité de réserves pour les Parties contractantes. Pourtant, la Convention fait une distinction entre les dispositions nécessaires pour aboutir à la simplification et à l'harmonisation (normes) et les dispositions d'adoption souhaitables (pratiques recommandées) visant à atteindre le même objectif. Cette Convention et ses annexes contiennent des notes et des commentaires qui donnent des expli-

¹⁾ Connu actuellement sous le nom informel de "Organisation Mondiale des Douanes (OMD)"

tions sans valeur juridique. La possibilité de formuler des réserves tous azimuts s'est finalement révélée être une grave erreur qui a mené à l'échec cet important effort. La Convention prévoit que chaque Partie contractante est obligée de faire la révision de ses réserves tous les trois ans au moins. L'objectif était ainsi de réduire progressivement leur nombre. Cette obligation n'a été que rarement respectée par les Parties contractantes.

La gestion de la Convention n'a pas non plus été un grand succès. Elle a été confiée au Comité Technique Permanent (CTP) de l'OMD, composé de représentants de tous les Membres de l'OMD, même ceux qui ne sont pas Parties contractantes à la Convention de Kyoto, ce qui a contribué, pour une grande part, à l'échec de la Convention. En effet, les annexes et d'autres dispositions ont été élaborées avec la participation de membres de l'OMD, non Parties contractantes, qui n'y étaient liés en rien puisqu'ils n'étaient pas tenus de les appliquer. Par contre, les adaptations et les amendements nécessaires n'ont quant à eux jamais été faits. 59 Parties contractantes ont finalement adhéré à la Convention, moyennant l'acceptation du corps et d'une seule annexe.

En ce qui concerne les unions douanières ou économiques, dont la Communauté européenne constitue l'unique représentant, la situation est encore pire. La Convention prévoit leur exclusion du droit de vote prévu pour toute autre Partie contractante. Toutefois, ce droit n'a qu'une valeur symbolique étant donné qu'il n'en est pas très souvent fait usage. La Communauté ne pourra pas devenir membre de l'OMD et, par conséquent, du CTP aussi longtemps que la Convention fondatrice de l'OMD ne sera pas amendée. Or cet amendement est quasiment irréalisable sur un plan juridique.

Toutefois, la Communauté occupe une place de choix parmi les Membres de la Convention. En effet, depuis son adhésion en 1975, elle a progressivement accepté 20 des 31 annexes existantes. La Communauté a toujours participé aux travaux relatifs à la gestion de la Convention en tant que simple observateur, sans droit de vote.

Echec ou succès?

Dans l'esprit de ses créateurs, la Convention de Kyoto était destinée à jouer le rôle d'un instrument international d'une envergure mondiale. En plus des Membres de l'OMD, la Chambre Internationale du Commerce, représentant



les opérateurs économiques, ainsi que la CNUCED, représentant les pays en voie de développement, ont participé aux travaux préparatoires. Des organisations internationales telles que la Banque Mondiale, le Fond Monétaire International, etc. ont encouragé l'adhésion de nouvelles Parties contractantes à la Convention.

Malheureusement, l'impact de cette Convention ne se reflète

pas dans le nombre de pays qui l'ont officiellement acceptée (seulement 59 Parties contractantes en 24 ans). Ce phénomène est difficilement explicable mais il semble toutefois que les pays en voie de développement ont toujours considéré la Convention de Kyoto comme une convention cousue sur mesure pour les pays développés. De plus, ceux-ci avaient à faire face à des problèmes plus aigus tels que le

manque de ressources, le problème des Compagnies d'Inspection avant l'expédition, la corruption, etc. Beaucoup de pays ont considéré la Convention de Kyoto comme une source où ils pouvaient puiser, à tout moment et sans aucun engagement, des dispositions utiles à leurs besoins en matière douanière. Le manque de caractère contraignant de cette Convention mettait, en réalité, ces pays au même niveau que les Parties contractantes, qui, elles aussi, étaient libres d'appliquer leurs dispositions nationales là où elles le jugeaient nécessaire. Ainsi, c'est l'objectif principal de la Convention, à savoir la simplification et l'harmonisation des formalités douanières, qui a pâti de cette situation. Aujourd'hui, l'on parle de "facilitation du commerce".

Le législateur douanier a trouvé une base de référence très utile qui propose des réponses à toute question douanière. Plusieurs de ces dispositions ont d'ailleurs été transposées dans la législation douanière nationale aux quatre coins du monde. Mais les hommes d'affaires ne se satisfont pas de ces mesures et attendent toujours une meilleure transparence des procédures dans les différents pays membres de l'OMD. La Convention de Kyoto, malgré son influence à travers le monde, n'a pas atteint son objectif de

devenir un standard international en matière douanière. Celle-ci n'a pas évolué en 25 ans et beaucoup de pratiques modernes telles que l'utilisation des ordinateurs, l'application des techniques d'évaluation du risque, l'utilisation de procédures simplifiées modernes, etc. sont restées en dehors du champs d'application de la Convention.

Révision profonde ou remplacement par une Convention entièrement neuve.

Les discussions ont petit à petit commencé vers le début des années 1990, tant au sein de l'OMD qu'auprès d'autres Organisations internationales telles que la CNUCED, la CEE/ONU et, récemment, l'OMC. Le risque qu'une de ces organisations prenne le relais de l'OMD dans la modernisation de la Convention existe toujours. La Convention nécessite une modernisation profonde, une gestion efficace, un renforcement de sa partie contraignante. De plus, elle devrait être munie de Directives d'application assorties des ajustements nécessaires permettant sa transformation en un instrument international moderne et efficace.

Suite à une demande introduite par les Pays-Bas en 1994, le CTP et, par la suite, le Conseil de l'OMD ont donné le feu vert pour

l'ouverture de la procédure de révision. Un groupe de travail ad hoc a été mis en place, avec mandat d'accomplir le travail de révision dans un délai de deux à trois ans et, à tout prix, avant la réunion du Conseil de l'OMD de juin 1999. Afin d'accomplir cette tâche, le Secrétaire général de l'OMD a demandé aux administrations de ses Membres d'accepter d'assumer une partie du travail. Ainsi, certains Membres de l'OMD ont signalé leur intention de prendre en charge une partie concrète de cette tâche.

Pour se mettre au travail, ces volontaires avaient besoin de lignes directrices sur une série de questions qualifiées d'importantes. Quelques-unes d'entre elles sont mentionnées ici à titre purement indicatif:

- la détermination de la structure de l'annexe générale, de sa dimension ainsi que du contenu de ses chapitres;
- la création d'un comité de gestion chargé, entre autres, de mettre régulièrement à jour tant la Convention que ses Directives d'application;
- le caractère contraignant des normes incluses dans les annexes spécifiques ainsi que la possibilité d'une période de transition pour leur mise en application;
- le nombre, la structure, le caractère contraignant ou non des annexes spécifiques destinées à remplacer les 31 annexes spécifiques actuelles;
- l'identification de pratiques douanières modernes à inclure dans la Convention.



Etat actuel des travaux

Le groupe ad hoc sur la Convention de Kyoto vient de terminer sa douzième réunion d'une durée de deux semaines. Le travail de révision a entre-temps beaucoup progressé. L'annexe générale est presque prête ainsi qu'une série d'annexes spécifiques telles que l'annexe B.1 sur la mise à la

consommation, l'annexe E.5 sur l'admission temporaire, l'annexe E.6 sur le perfectionnement actif, l'annexe F.4 sur les envois postaux, etc. A l'heure actuelle, le nombre définitif d'annexes spécifiques n'est pas encore connu. Ce dernier sera décidé après la finalisation de l'examen de tous les projets d'annexe, en fonction de certains paramètres telles que l'importance, le nombre des dispositions à inclure, la relation avec d'autres annexes similaires, etc. Certaines annexes actuelles disparaîtront ou seront absorbées par l'annexe générale tandis que d'autres seront transformées en chapitres inclus dans d'autres annexes spécifiques. La Convention révisée de Kyoto devrait compter environ quinze annexes.

La révision du corps de la Convention, quant à elle, se trouve à un stade très avancé. Plusieurs articles ont été révisés sur base du texte initial et d'articles similaires de la Convention d'Istanbul. Toutefois, certaines questions importantes sont encore en discussion. Le CTP les avait envoyées pour avis et instructions au Conseil de l'OMD, lors de sa 90^{ème} session qui a eu lieu à Budapest, du 16 au 19 juin 1997. Celui-ci a trouvé des solutions pour certaines de ces questions et a donné instruction au CPT de tenir une réunion extraordinaire du 27 au 31 octobre 1997 afin d'insérer ces dernières

dans le texte du corps de la Convention. Plus particulièrement, il a été décidé que:

- le CTP devra tenir chaque année une deuxième réunion supplémentaire, en qualité de comité de gestion de la Convention. Toutes les Parties contractantes (y compris la Communauté en tant que telle) seront habilitées à participer pleinement aux décisions relatives à la gestion de la Convention
- le CTP en sa qualité de comité de gestion pourra recommander des amendements à apporter aux annexes de la Convention tandis que les amendements à apporter au corps de la Convention ne pourront être recommandés que par le Conseil
- les normes devront rester obligatoires dans toutes les annexes (générale et spécifiques) et aucune réserve ne pourra être formulée à leur égard. Un délai suffisant devra être accordé afin de permettre la préparation des administrations des Parties contractantes pour assurer leur mise en vigueur.

Le Conseil a considéré qu'il n'était pas encore temps de se prononcer sur les droits de vote

des Unions douanières ou économiques (15 voix?) compte tenu de la sensibilité de la question. Le CTP poursuivra ses travaux en la matière lors de ses prochaines réunions et le Conseil pourrait intervenir à un stade ultérieur.

Perspectives et contraintes actuelles

En général, les travaux peuvent être considérés comme progressant d'une façon satisfaisante et les délais devraient être respectés. Une fois le travail technique terminé, le Groupe ad hoc et le CTP pourront s'occuper des questions posant des problèmes précis à certaines Parties contractantes, comme par exemple la transformation d'une norme en pratique recommandée, la modification des dispositions de certaines normes pour les rendre acceptables, la prolongation de la période transitoire pour une norme, etc.

Toutefois, le problème le plus grave reste celui de son acceptation par les Parties contractantes actuelles. En effet, l'article 15 de la Convention prévoit que la pro-

position d'amendement de la Convention reste sans effet si une objection est formulée de la part d'une seule Partie contractante. Il va donc de soi qu'une seule des 59 Parties contractantes actuelles peut bloquer son acceptation. Dans une telle éventualité, toute la procédure tomberait à l'eau et ceci pourrait avoir de graves conséquences. D'une part, d'autres Organisations internationales telles que l'OMC pourraient, à ce moment, proposer d'insérer un certain nombre de dispositions de la Convention de Kyoto dans leurs propres instruments juridiques, ce qui aurait des conséquences néfastes pour l'OMD et la douane elle-même. Un transfert des compétences de l'OMD vers l'OMC aurait automatiquement lieu. D'autre part, certains membres de l'OMD pourraient considérer la Convention révisée comme une toute nouvelle Convention qui pourrait fonctionner en parallèle avec la Convention actuelle de Kyoto. Une telle éventualité semble, toutefois, peu probable vu la pression manifestée de la part des opérateurs économiques et des autres organisations internationales.

DG XXI and INTERNET commerce

The Scene

Probably everyone working for DG XXI has heard about the Internet and its rapid growth in recent years. Some of us have personal experience with this amazing, new virtual world, in their private lives and, the lucky ones, even within the walls of MDB during working hours, but all of us must by now be aware that a new tool is being created which should facilitate and improve working conditions, communication and the exchange of information in general on a world wide scale. In short, the world is preparing for a digital revolution in the XXIst century comparable in its consequences with the impact of the industrial revolution.

What may be less well known is that a number of our colleagues in DG XXI are very much involved in the developments around the Internet and especially in that part of the Internet dealing with electronic commerce.

The Commission's approach

Since 1994 the Commission has regarded the Global Information

Society as a priority policy area. Since the Internet can be seen as a mirror of the traditional, physical and real world we live in, the same issues and questions have to be answered. This explains why so many different disciplines, administrations, (international) institutions, private as well as public, have a stake and have their own interests in participation in and development of the general discussion. Because of the obvious economic and social benefits of economic growth and wide spread acceptance of the Internet in general, much of the activities of the Commission have been directed in the past at stimulating its growth.

The Communication "A European Initiative on electronic commerce" of 16 April of this year was the occasion for Directorates B and C to start considering our position. It appeared, during the preparatory inter-service discussions on the text of the Communication, that the DG XXI interests are of a different nature than those of most other DGs. For the first time we indicated that other aspects needed to be addressed.

From a taxation and customs perspective, real concerns exist as to how to ensure the application of taxation to electronic transactions. Gradually and increasingly the tax issue is recognized by the e-community and is being given its proper place on the various agendas dealing with electronic commerce. The importance of the tax issue can be seen from the fact that quite a few consider the open and non regulated environment of the global networks as to make impossible any attempt to impose taxes. Indeed an article on "the disappearing taxpayer" in "The Economist" sketched a doom scenario in which the end of the nation state in its present form was announced as it will be impossible to impose taxes.

However the message is now being communicated on all possible official occasions that existing tax schemes apply to electronic transactions in the same way as they do to traditional transactions. This is the starting point for any discussion on taxation and electronic commerce.

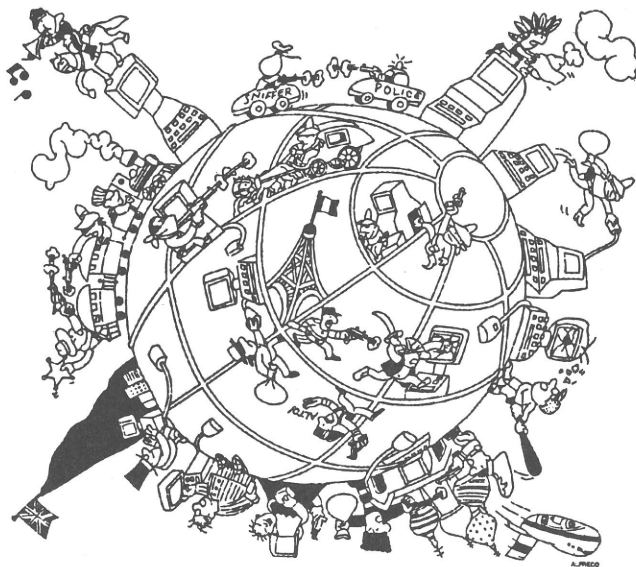
The international dimension

The US is clearly leading the way, as with all Internet issues. One could even be jealous of the way they have organized themselves and how they push with great

power and force their interest and vision. In their policy paper "A global framework for electronic commerce" the US president has stated his view on the future direction of Internet. Not surprisingly, this paper is very American; they favour a liberal, market driven approach, where governments should only intervene where needed to create a predictable, minimalist, consistent and simple legal framework.

In promoting the policy of a tariff-free environment the American paper reads: "...for almost 50 years, nations have negotiated reductions in tariffs because they have recognised an economic advantage to citizens of all nations from freer trade. Because of this trend, and because the Internet is truly a global medium, it makes little sense to introduce tariffs on goods and services delivered over the Internet. Further, commerce over the Internet lacks the clear and fixed geographic lines of transit that historically have characterised physical trade of goods. Thus, while it remains possible to administer tariffs for products ordered over the Internet but delivered via mail or other similar means, the structure of the Internet makes it difficult to do so when the product or service is delivered electronically".

"The United States will advocate that the World Trade Organisation



(WTO) and other appropriate international fora declare the Internet a tariff-free environment whenever products or services are delivered across the Internet. This principle should be negotiated quickly so that it can be established before nations impose tariffs and before vested interests form to protect those tariffs".

President Clinton announced that he is directing US Treasury 'to work within the WTO to turn the Internet into a free-trade zone within the next 12 months. It appears, therefore, that the US Administration intends to arrive at an understanding/agreement within the WTO to ensure that the present situation for electronic delivery of

services without extra tariffs (or new forms of taxes) remains.

The European Commission has not addressed this issue, nor have most customs/fiscal administrations in the EU started to analyse it. The EU faces a dilemma here. On the one hand it is obviously to the benefit of all if electronic commerce really takes

off. On the other hand we have, after a long democratic process, found a balance between private and public interests, which is found in current legislation for our relations in the real world; could we accept a principle of no government intervention in the virtual world? It is the responsibility of the public sector to safeguard and ensure the position and rights of the weak, to create a level playing field for all and to protect its own interests.

However just because it is difficult to identify a party on the Internet and to assign a location to a transaction today does not mean that tomorrow we will not have the means to do it. If the political will exists, organisational and

technical arrangements will be found regionally and globally to administer properly taxation of e-commerce. Possible ways which are being discussed today to address the issue are the e-identification of the e-traders, location of the e-transactions and the development of a standard e-commerce scenario involving the buyer and the seller, the banks, the tax administrations, in which the payment could be made conditional on the payment or declaration of tax.

DG XXI involvement

Work is being conducted on a number of different levels. Firstly we have internal DG XXI discussions. A second important level is inter-service meetings. The Commission is still struggling to find the proper way to coordinate in order to avoid ad hoc initiatives any time a special event comes up.

Consultation with Member States is the third level. Here is where the technical discussions take place which should in the end come up with practical results. A joint meeting with the Directors General (Customs and Indirect Taxation) in March unanimously concluded that electronic com-

merce holds opportunities as well as threats for customs and VAT and therefore EU action should be initiated to study the impact of electronic commerce on existing customs and VAT legislation. Following this meeting a joint Working Group (Customs and VAT) decided in July to set up three working groups. One deals with general aspects, while the other two deal with 'on-line' and 'off-line' transactions respectively¹⁾. Each Member State participates in only one of these groups, although they are informed about what is happening in the others. They met for the first time in September and will continue to do so with a frequency of one meeting every month for each group.

VAT implications

One of the major achievements of the EC is the common VAT system (Another is the customs regime: Ed). At the moment when a fundamental discussion is taking place on a modern VAT system for the future, VAT is confronted with a new challenge. E-transactions pose a new "challenge" needing a thorough reflection on the basics of VAT as we know them. The importance of the

¹⁾ On-line' is where the product is both ordered and delivered on the Internet, while 'off-line' is where the Internet is only used to order the product.

need to find appropriate answers is obvious since VAT revenues are the life blood for Member States and the Community.

If electronic commerce really takes off, as predicted, more and more commercial transactions will go on-line in the near future. These transactions will partly replace conventional transactions and will partly consist of the delivery of new "goods" and services. In both situations, if a proper tax scheme cannot be found, there is a threat of revenue losses and, equally important, of distortion of competition between on-line (no tax) and traditional suppliers (taxed). If we are honest,

there is no obvious solution yet in sight. Already it is being said that the uncertainty about the application of VAT forms an impediment for doing business on-line. This is one more argument for taking our work very seriously.

The specific circumstances of on-line transactions create a problem for applying VAT across the board. The first problem is the question whether existing VAT legislation is sufficient and appropriate to levy VAT in all e-situations where this should be done. It is highly probable that these rules are not sufficient, especially in the case of supplies in or to the Community by third country suppliers

INTERNET

Lots of sex please, we're surfers

It's official. The vast majority of "net surfers" are after one thing, and one thing only. Sex. Every two seconds, in fact.

Or so says a survey conducted by a new consumer guide to the Internet which analysed the top 200 search words entered by users over one month to find out the most commonly requested topics. The result? The Internet was swamped by 1,553,420 requests for "sex" and 414,320 applications for "chat" (not as innocuous a request as it may first appear). "XXX" was at number three in the chart, with 397,640 requests, followed by "Playboy" with 390,920. Other top-ten contenders included "nude" and "porno", both with more than a quarter of a million fans. Many users displayed considerable ingenuity in their search for sexual enlightenment, with guest appearances by "Persian kitty", "hardcore" and "cyberporn".

But this trend is unlikely to last, claims Mike Cowley of The Web. "Take my word for it," he said, "shopping will be far more popular than sex on the Internet by the year 2000."

— Louise Hancock

to private persons. This is the more worrying as, especially in this area, Internet offers new possibilities and high growth rates are predicted. An additional problem business to business transactions which are also liable to VAT and where the monitoring of the transactions will aggravate existing problems of control. Estimates for business to business transactions are that they will be ten times the level of retail transactions.

The legislation issue also means we need to decide on how we classify e-transactions, since under the present rules the nature of the transaction implies which of the many places of taxation applies and which VAT rate. Before we turn to this part of the discussion we will have to find an answer on what Internet transactions we want or need to cover. The notion of consumption should guide us here, but its exact application must be further defined. Having designed a proper legal framework then the aspects of control, compliance, enforcement and monitoring in general must be taken into account. If there ever was one, this is an area where the legislator must keep an eye on practical considerations as the application of VAT in practice on on-line transactions creates major problems.

This is because of several things. The Internet forms a global mar-

ketplace where the players can be established anywhere in the world, where they do not necessarily know each other, where it may be difficult to even identify whether a traditional internal transaction takes place, or an intra-EC or even a cross-border/third country transaction. Suppliers, who in the traditional VAT system are the taxable persons, may be difficult to identify by EC VAT administrations. The present VAT system is very much orientated towards the place of establishment of the taxable person. It is not quite clear how this notion is to be applied to virtual companies or even to EC-based companies who trade via servers, which can in principle be situated anywhere in the world. In short, for Internet transactions, the transactions and the persons are difficult to trace and their VAT position under the present rules is difficult to ascertain, even for the parties themselves.

One positive aspect, to be looked at further, are the new opportunities Internet may offer, such as automated declaration procedures, better exchange of information between administrations and tax payers and the possibility of new and improved tools to gather data.

Customs Implications

Though less obviously than for VAT, the advent of electronic

commerce also has an impact in the customs area. A very practical concern from a customs perspective is the potential explosive

increase of small consignments ordered on-line and delivered off-line. The easy access to worldwide catalogues on-line, with

ZITS

by Jerry Scott & Jim Borgman



constant update, search and documentation functions, will lead to an expansion of cross-border mail ordering (books and music CDs are clear examples). This will generate a new workload for already overworked customs officials and could lead to revenue losses and problems of distortion of competition.

The growth in the use of electronic networks to deliver software and entertainment as well as other sorts of information will probably shift trade to these services away from real goods (like books, videos and CDs) because it is more convenient and more flexible to use electronic networks to obtain material from larger, often more up-to-date sources and databases. It goes without saying that this trend will increase even more if electronically delivered

services/virtual goods are duty free, but the "real" goods are not. Thus, the question arises whether it will be acceptable to have cross-border duty-free services equivalent to physical goods on which customs duties are levied.

The EC has not yet an established view on this. However, looking at the expected rapid expansion of the use of the electronic networks, any customs duty imposed on the electronic delivery of services would require new legislation, and should, therefore, in our view be opposed. Clearly, a customs duty-free approach should not prejudice the interest of collecting VAT on these "virtual" goods.

Moreover, to charge customs duties on traffic in "virtual goods" on the network would also raise practical problems. With regard to these it is difficult to envisage a

system capable of collecting any duty based on monitoring the means of delivery. To do so would involve an effective system of interception and classification for electronic messages where those messages were associated with a commercial transaction, something that today seems not to be feasible, due to the Internet's amorphous and decentralised nature. This would seem to imply that any customs duty would have to be linked with the collection of VAT from registered traders and not vice versa as with "real" goods.

Then there is the question of re-configurable goods. Today a growing number of products can be delivered with very basic specifications that can be later enhanced incorporating more sophisticated software in a computer embedded in the product (which can be either a controller, e.g.: cars, refrigerators, washing machines, etc., or an integral part of the digital nature of the product, e.g.: cameras, photocopiers, hi-fi equipment, security systems, etc.), radically changing the value of the product concerned. This might have a double implication on customs (and fiscal) issues:

- 1) the importer pays VAT and customs duties (if the goods are imported) on a low priced, entry level product, and avoids paying customs duty (at least) on the upgrades
- 2) a software re-configuration can change the nature of the product so that it moves from one CN code to another (e.g.: from a CD ROM drive to a Music CD player) with a higher duty rate.

Conclusion

We all are confident that the three sub groups will be able to come up with the responses that the Customs and Indirect Taxation Administrations from the Community ought to deliver to cope with this new social evolution.

The members of the team feel lucky to be in a position to work on this file. It has all the challenges one can hope for in working for the Commission. Working together in a positive atmosphere across the borderlines of the various Directorates within DG XXI is one of the elements which we find particularly satisfying. The practice may therefore anticipate future developments within the DG!

ACTUALITES

Are Duty Free's Days Numbered?¹⁾

AN EMOTIVE ISSUE. SO WHAT IS AT STAKE?

The abolition of duty free is an emotive issue mainly because of the way it is presented by those with most to lose. They represent it as an attack on the so-called "European Citizen"; as putting 140,000 jobs "at risk"; and as damaging the transport industry, not least in the remoter regions of Europe.

- Some change - and indeed loss of profits - will almost certainly be involved for businesses with a major stake in duty free.

It would be very surprising if it were not so since duty free represents a massive subsidy of up to 2 billion ECUs for the businesses involved. Let's face it, no one would give that up willingly. But, as the Americans say - there is no such thing as a free lunch. So someone must

be paying the bill. Let us look at some of the facts.

DUTY FREE AND THE SINGLE MARKET

Duty Free is incompatible with a single market in which the notion of "imports" and "exports" by individuals no longer applies. People buying goods for their personal use, inside the European Union, no longer have to "export" them from one country and "import" them into another. They just go shopping. Instead of shopping around at home, they can now shop around in Europe, thanks to the single market.

In a single market the same logic that says you cannot buy duty free goods if you are travelling by plane from London to Manchester, should surely hold from London to Brussels, especially if you cannot buy duty free goods in the Eurostar, which is the airlines' rail competitor.

¹⁾ Speech at the Duty Free in Europe Conference, 24 September 1997

DUTY FREE DISTORTS COMPETITION

And here we come to the next main point. Not only do national transport operators not benefit from duty free. But, in the EU, only ferries, airlines and airports are subsidised in this way. Rail passengers are not. Neither are people in cars or coaches, except when they travel on ferries. The situation on the English Channel - where ferry fares as low as £1 are charged - demonstrates the damage that can be caused as competition heats up between different transport modes. Nor is it just rail versus ferry. Within one particular mode profits from duty-free sales can be used to subsidise cargo transport. With up to 2 billion ECUs of subsidy flowing around the system, the damage can be fatal.

RETAIL SECTOR IS ALSO HIT

And the retail sector is also affected. Before 1993, people shopping in another EU country could get tax relief on a limited amount of goods purchased in that country. That disappeared when the single market legislation came into effect, so that shoppers had no limitations on amounts but paid the tax in the country of purchase. In other words, shopping in the EU is treated like shopping at home - logical in a single market. But, the duty free lobby argued strongly for time to adjust. EU Finance Ministers eventually deci-

ded on almost SEVEN years. Why? To allow the duty free industry to restructure and prepare for abolition. In the meantime, the retailers in the High Street have had to absorb the unfair competition - as their association Eurocommerce has stressed.

WHO PAYS THE BILL?

One of the real pleasures of duty free is the feeling that you are

INFORMACION
AL PASAJERO



1993
FIN DEL DUTY-FREE?
VIAJAR POR
EUROPA
NO SERA IGUAL

CAMPESIA PARA MANTENER EL
DUTY-FREE EN LA UNION EUROPEA

somehow winning against the taxman. But, as I have said, there are no free lunches, so who is paying the tax bill which is not being collected? The fact is that tax payers who stay at home are subsidising those who travel outside the country. But that is not the end of the story. Who are the people who travel? While it is true that more and more people are travelling, those who travel most frequently and in greatest numbers by far are those in business, politics and the professions. In other words, people like me - and you. Accordingly, the non-travelling majority is subsidising the travelling, more affluent, minority. That is rather different from saying that so-called "European citizens are the losers" if duty free goes.

DOES THE CONSUMER BENEFIT?

As I have pointed out, a lot of people enjoy duty free. And there are undoubtedly some good buys - especially in genuine "duty free" goods, by which I mean alcohol and tobacco. These products are indeed free of excise duties and they account for 50% of duty free shops' turnover and an even greater proportion of their profits. Let us leave aside the questions of health raised by having zero duty on such products and concentrate on whether the consumer gets a good deal generally.

Many of the goods sold in "duty-free shops" in fact carry tax alrea-

dy. The personal allowance for EU travellers, you will recall, is 90 ECUs. This means that any product priced above 90 ECUs is subject to VAT on the full value of the goods. It cannot be sold "tax-free". A 1994 survey by the European Consumers Organisation BEUC has, in fact, shown - what most of us know - that many items can be bought more cheaply in normal stores. And how many times have you raised your eyebrows at the shelf price of "duty free" gin or cigarettes, and realised that a great deal of the tax has simply been replaced by profit? So while I think that the "duty free" label is a wonderful tool for marketing, the reality does not measure up to the hype.

WHAT ABOUT THE IMPLICATIONS OF ABOLITION?

We need to treat seriously issues such as the employment, transport and regional implications which have been gone into at some length in the various studies. We in the Commission have certainly not had time to study the assumptions and figures underlying the studies which have very recently been sent to us. But let me make some preliminary comments knowing that others will be going into those aspects later.

- First, the impact of abolition on jobs. To suggest, as some studies appear to do, that between 100,000 and 140,000

jobs associated directly or indirectly with the duty free industry are "at risk", seems totally implausible. This appears to imply that up to 50,000 or 20% of jobs in the EU shipping industry may go. In fact, it is far from clear that there would be much shrinkage in the trade. Look at the trends:

- travel overall is going up by 7% per annum. And in the EU air transport sector, the increase has been enormous. Has this been propelled by duty free? No, it has been driven by air transport liberalisation which has been phased in over the past 10 years. Liberalisation takes full effect this year only, so more flights, operators and travellers are in prospect.
- more shopping capacity than ever is planned at airports despite the legislation to abolish duty free with effect from 1999. So far from closing down or redirecting capacity to other uses, new facilities are being planned. Perhaps the US offers a clue as to why. There, a number of European companies with expertise in managing airport shopping capacity are apparently building airport malls in the
 - US - mainly for duty paid business.
 - There is, in fact, an enormous and growing captive market at airports and on board ferries and planes. I know that my own inclination is to buy at airports because I never seem to have the time or inclination to shop any other time. Tourists and business executives - not to mention European Parliamentarians and Eurocrats - are unlikely to stop buying their bottle of whisky or Gucci tie because the duty free label drops. The question is, should the general European tax payer subsidise them to do so?
 - Because of this captive market, locations like airports provide an ideal "shop window" for many of the goods, especially luxury goods, which are sold there, many of them tax-paid. This is not going to change.
- Second, will ferries, airlines and airports become unviable as a result of abolition? There is little doubt that the enormous profit margins currently enjoyed by genuine duty-free sales will be reduced. Nor do I blame the airports, ferries, shops and producers for wanting to maintain



The original shop at Shannon

the status quo. But, as I have indicated:

- much of what is sold already carries tax,
- there is a captive market, and
- travel is growing

There are developing opportunities in retailing and thus for supplementing the revenues from fares. Competition is the name of the game but there should be a situation that allows rail and coach travel to compete on more equal footing. So much for the general situation. But duty-free is not being abolished as such. It will end for travellers within the EU. But those going to destinations outside the EU will still be able to purchase duty free. And this business was worth 2.7 billion

ECU in 1995 and substantially more today.

- Third, there is the regional dimension. Many small airports in remoter areas do not have the option of duty free, since they operate national routes. But more and more are seeing Europe as their market. It is certainly arguable that the duty free subsidy to bigger, central airports militates against the interests of remoter regional ones. Be that as it may. The potential problems justify examination and possibly action. But, better for consideration to be given to subsidies which are transparent and targeted at specific problems of remoteness. Subsidies such as duty free which are spread widely but unevenly can only be destabilising. As a Scot who was once a Director in the Euro-

pean Regional Development Fund, I am as conscious as anyone of the problem - and of the substantial financial support which the EU's Funds have given to the capital development of those regional airports and services. But, subsidising Heathrow, Schiphol or Charles de Gaulle is a very expensive way of helping small regional airports.

CONCLUSION

Let me conclude by saying that Finance Ministers took a decision unanimously in 1992 to abolish duty-free in June 1999. They did so after a debate which went into the same issues of employment and transport implications which have been raised in the 10 reports produced by the duty-free lobby. Conscious of the possible need for adjustment, the Council gave a seven year transition period - far longer than was offered to other sectors at the time. Under the Irish Presidency, less than one year ago, Ministers addressed the issue again and confirmed that the original decision should stand. The Commission has, therefore, no intention of proposing any change.

Jim CURRIE - Director General

I know that, for many producers involved in duty free, there is a feeling that its abolition should not come before major differences in duty rates between Member States have been ironed out. I recognise that the single market is not perfect. But tax competition is a healthy thing for consumers and taxpayers alike. And in any case - insofar as people claim that there is harmful competition - the European Commission has pushed the issue of harmful tax competition to the top of the political agenda. It is a debate which will occupy much of Finance Ministers time between now and the end of the Luxembourg Presidency. DG XXI are also preparing reports on tobacco and alcohol excise duties which will be put to Commissioner Monti later this year for tobacco and early next year for alcohol. But whatever imperfections exist, rolling back the single market can only be damaging.

Duty-free is a tax subsidy which would be better spent in other ways. In the current debate on harmful tax competition, the Commission has drawn attention to the need to cut taxes on labour. Perhaps that is a better way forward.

Happy Birthday, TARIC!

Do you remember? Ten years ago, in September 1987, the basic Regulation for the creation of the TARIC was adopted by the Council. After long discussions at the different levels of the Commission and Council, and an even longer period of preparation needed for the basic data capture, the TARIC was born and became operational in 1988.

The idea behind the TARIC was and still is many-folded. The starting point is to streamline the collection of the relevant legislation. Instead of having 15 national customs administrations fishing for the one-thousand-and-one pieces of the relevant customs legislation dispersed in a great number of Official Journals and furthermore calculating preferential duty rates in accordance with the multitude of agreements with partner countries, the Directors General decided in the famous Estoril Resolution of 1988 (the baptism of the TARIC) to centralize this work and entrusted DG XXI with the task. The TARIC, however, does not only have an economic *raison d'être*. It also plays a substantial role within the Internal Market, guaranteeing everywhere at the EU border a uniform application of our more and more

complex tariff-related legislation and measures of commercial policy on imports and exports. For these purposes, the relevant measures are integrated into a single database and are constantly updated. They are transmitted immediately by electronic links to the Member States.

Success always has more than one father: in our case, the pioneer work was achieved by Mr Kaiser, our first Head of Unit. The necessary political support coming from Mr Henry Chumas, our former Director, who already at that time had a clear vision of our future electronic networks and who also always defended the independence of the TARIC unit against ideas of merging it with others.

In those early days, the day-to-day job was difficult enough: information for Member States was prepared on paper and had to be sent out by telex (do you remember how complicated that was?). This information then had to be re-distributed by the national authorities, again via telex, to their Customs offices. Our database, TARIC 1, was updated only once every week and its performance soon became insufficient for the ever growing number of

legal acts and their changes which had to be integrated.

Thus, already in 1991, the creation of a successor version, TARIC 2, was decided upon and development proceeded under the supervision of Michael Lux, then Head of Unit, and with the energetic support of Mr Hewitt and Mrs Pierce from unit XXI-A-1, the new TARIC database becoming operational in October 1994 under our new head Jochen Matthies. TARIC 2 immediately had to face its first big test when the Council adopted the Uruguay Round on 22 December 1994 and the TARIC data was the only basis for the Customs tariffs of the new Member States (A, FI, SWE). It took an enormous effort to overcome these problems. And the next crisis came only twelve months later, when the decision on an advance reduction of duty rates was again delayed until the end of December. Those were the days of big challenges and adventures! On long winters' nights, we still tell these tales to our grandchildren!

Since then, the TARIC has grown ever bigger and has incorporated more and more data to the point that it now covers almost the entirety of tariff-related Community legislation: all suspensions and quotas, all preferential duty rates, all anti-dumping and other special duties, all restrictions for

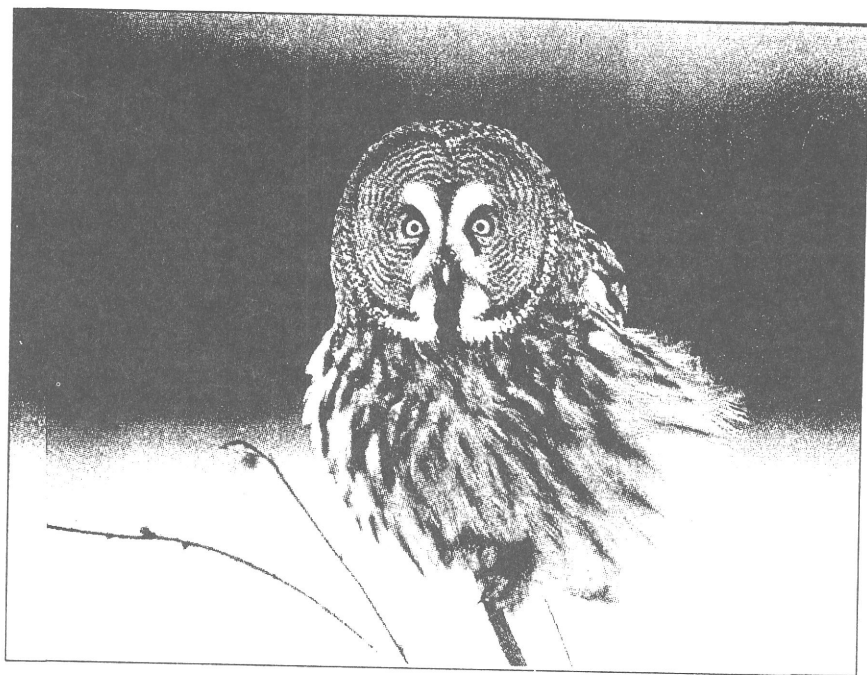
trade, the export refund nomenclature and the amounts of refunds, all special agricultural regimes - and there is yet more that could be added. These measures are all linked to the comprehensive TARIC nomenclature, which is maintained in 11 languages. Already now, it may well be the largest Customs database in the world!

Since 1994, electronic messages are sent out every day (or whenever necessary in urgent cases) to the Member States who base their Customs clearance systems now directly and totally on the TARIC data. One can perhaps say that the TARIC is the heart of the customs clearance in the Community. This puts great responsibilities on the TARIC unit. Late, incomplete or faulty messages can cause major problems which may even lead to the collapse of customs clearance in the EU. Some Member States have made important investments with regard to their electronic TARIC infrastructure. They have created sophisticated systems for the immediate re-transmission of TARIC data to their Customs offices, as in Germany, via satellite. They have also reduced their staff in this area to an absolute minimum. As technological progress proceeds with giant steps, DG XXI has to follow and, maybe, a brand new baby will soon see the light of day.

The TARIC is today also a reliable instrument of information not only for our own DG, but also for a large number of other services of the Commission, eg for the purposes of trade negotiations and control of own resources, for the Court of Auditors, the WTO and

the UN. You can see how important and popular a database can become when you feed it regularly and give it tender loving care and devotion! So: happy birthday to the TARIC, many happy returns until the day when TARIC 3 is born!

The TARIC Fan Club



Desperados, experts and « anoraks » to the fore

What's the difference between a tariff quota and no tariff quota? (answer below)

The answer explains why some importers and even exporters, trade associations and foreign governments are so desperate at any moment to know the latest balance of tariff quotas. If you are planning a large shipment, say, of frozen shrimps of the species *Pandalus borealis*, worth \$ 50.000, you pay no customs duty when the shrimps are imported into the Community if you are lucky enough to get the benefit of the tariff quota before it exhausts, or you have to pay \$ 10.000 if you fail. That money could make the difference between profit and loss, gaining a market share or losing it.

In mid-July, the information so eagerly sought, not only for tariff quotas but also for tariff ceilings, was discreetly made available through the Internet in DG XXI's section of the EUROPA web-site. This coincided with a marked cooling off of the telephones in XXI-B-6 and in the tariff quota offices of Member States, and more time to enjoy the therapeutic effects of a coffee and a chat with colleagues. A publicity cam-

paign for the new information service by the Commission was not considered a priority, but will probably occur in due course. New quota claims and new figures for tariff ceilings are reported continuously by the Member States, and so the balances of quotas and ceilings are naturally subject to daily change. Desperados, experts and "anoraks" alike fully understand and possibly delight in the numeric information presented at the site, much of which is in code. Members of the expert and "anorak" fraternities will readily appreciate that restriction of the presentation of changing information to a numeric form greatly facilitates the automatic display of that information (for example, no translation problems). The more typical lady or gentleman unlike you the reader in fact is therefore faced with a seemingly meaningless jumble of figures. However your needs are catered for: the mysteries of the numeric data are revealed by a multi-lingual set of tasteful but unchanging explanations.

Activating this service involved a wide range of colleagues in DG XXI - from Jan Colaes and Isabelle Le Roux (XXI-A-1), through Carine Pellet (Sec), Paolo Garzot-



DGXXI

Tariff quotas and ceilings

Situation on 02/10/1997

<u>Order number</u>	<u>Numeric Origin</u>	<u>Start date</u>	<u>End date</u>	<u>Initial amount</u>	<u>Unit</u>
090061	888	01/04/97	31/07/97	600	4

<u>Balance</u>	<u>Exhausted date</u>	<u>Block date</u>
0	01/04/97	

[DGXXI] [COMMISSION] [EUROPA]

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Explanation of terms and codes

A click of the mouse on any underlined text on the computer screen will produce a written explanation.

An order number is effectively the coded name of each tariff quota or ceiling. The products covered by each order number can be found either in the regulation setting up the tariff quota or ceiling or in the TARIC.

All origins are identified in the database by their geonomenclature code. For example, 061 means the Czech republic.

The unit 4 is tonnes.

In the illustration, the tariff quota is for applrd from any third country. It was available for products put into free circulation between 1 April and 31 July 1997. The whole amount of the quota (600 tonnes) was used up by products put into free circulation on 1 April 1997 - and that is not a joke.

ti and Richard Condon (XXI-B-7) to many members of the TARIC and quota units. Nor must the contributions of colleagues in DG X and the Informatics Directorate be forgotten. In particular the Informatics Directorate continues to help by providing regular comprehensive reports on the extent to which the service is used. It provides statistics and can even identify the Internet address of almost every enquirer. Some of these addresses, like telex names, can be

quite funny - such as "panic.at" or "widow.av.pa-x".

An indication of the success of this new service is given by the report of its first ten days use. There were 750 "hits" in that time. Not all of them were from my family and friends. They came mainly from Europe but also included hits from North and South America, Africa and Asia. If you happen to know "genius.brain" of Pakistan, please give him (or her) my regards.

John DE NEUMANN - B-6

Answer : an awful lot of money

* * *



20 hours or 72

When Finland joined the Community it negotiated a rule which clearly lays down that travellers may only bring 15 litres of beer into Finland with them. Perhaps they hadn't anticipated the full effects of the liberation of Eastern Europe for they soon found themselves with an army of "ants" each carrying 15 litres of beer coming from Russia and Estonia to sell illegally on so called "red markets". This undermined the revenue and caused a substantial social drunkenness problem. To make things worse the Finns joined in and went to east and bought cheap beer, wine and spirits as well in

their free time. To combat this the Government introduced rules saying that foreigners from the East had to enter Finland for at least three days in order to be entitled to the beer "ration", and that Finnish residents would need to be out of the country for 20 hours before they could partake.

Unfortunately for the Finns in a Community of law you have to be lawful and such time limits are not to be found in Directive 69/169 (VAT and excises) or Regulation 918/83 (customs). There are other methods for combatting this kind of "misuse" in Community provisions. So this led to consider-





ation of proceedings against Finland, Politically this is a hot potato for Finland so when Mr. Monti was last in Finland they got him to agree to a fact-finding mission to examine the situation on the ground. Four of us: Marie Claude Blin, Michel Van Beek, Michael Bott and Tony Griffiths, made up the team.

The first day, Thursday 9 October, saw a meeting with the Finnish administration where facts and figures were provided along with explanations from the Finnish side. Later that day the team observed

the actions taken by the Finnish customs at the arrival of a ferry from Estonia at Helsinki. The Friday was taken up with a visit to the Russian Border where operations on the Finnish side were observed. A visit was also made to the Russian side to see how visa operations worked and to see the tax-free shop set up there. The Russians obviously took the opportunity to shew the team the full extent of the operation of their new splendid installations, for which they were very grateful, even if it did mean that they were much later getting back to Helsinki than

foreseen.

The facts established by the team have been put into their report which has been submitted to the hierarchy.

Luckily Marie Claude, at least, had the forethought to take along a camera and that is why you have been able to read an illustrated article.

The 'team' C1, C2, 01 and B3



POST BOX 21



Dear Editor,

Thank you for your kind remarks on the occasion of my retirement.

Like you I entered the Commission in the early 1970's as part of the Anglo-Danish-Irish enlargement. We had to cope with the culture shock of foreign languages, Byzantine procedures and the sudden improvement in our financial situation!

The last twenty years have seen progress on a wide front: the computerisation of customs procedures, the 6th VAT directive, harmonisation of excise duty structures, the setting of minimal rates for excises and VAT, the abolition of fiscal frontiers for personal shoppers, the monumental Customs Code and its implementing provisions. Not a bad record, especially when you bear in mind the unanimity rule for fiscal measures.

Now it is time to make room for the new generation of officials, particularly those recruited from Austria, Finland and Sweden. They have a lot to contribute and will, I am sure, do so.

Finally may I take this opportunity to wish all my colleagues in DG XXI health and happiness (what else is there?).

Leon GORDON

Fare thee well, Leon! However I am not too happy with the implicit suggestion that I too should be making way for a new generation of officials! Did you get a preview of my staff report? Ed.



CLIPPINGS

Duty freeze

Thousands of jobs could be created, and air fares slashed, if only the German government would declare a duty free zone between Munich and Frankfurt. Better still, concessions could be extended to Hamburg, Heidelberg and Hanover. Duty free shops would spring up throughout the länder. Supernormal profits would help to subsidise fares. And new routes, opened up for the cheap booze trade, would provide valuable infrastructure for the regions.

It is all nonsense of course, but not more so than the special pleading of lobbyists now campaigning to reverse the EU's decision to end duty free concessions within its border after 1999.

Duty free sales are not allowed for travel within countries, nor between states with different tax regimes within the US. So after the dismantling of border controls in 1993, the only case case for keeping the concession was that it happened to be there.

Within the single market, duty free sales distort competition between retailers; and, since road and rail passengers must pay the full price, they distort choices between different forms of transport. The artificial subsidy masks pricing sig-

nals throughout the industry and so lessens the efficiency with which its resources are allocated.

Increased competition is the way to reduce prices. And some of the Ecu2bn (\$2.2bn) of excise duty, which is now lost, could be used for direct subsidies to any air services considered socially necessary.

Some lobbyists argue that no tax is lost, since duty free purchases are all additional to normal needs. If this extraordinary claim were correct, the allowances would be encouraging much extra consumption of substances which can be harmful.

It is not surprising that duty-free operators want to defend their enormous profit margins. But even the claim that 100,000 EU jobs will be lost is feeble. First, it forgets that new jobs may be created by alternative use of the taxes forgone. Second, the industry was given 7½ years notice of the change. This is more than enough to devise clever new ways to lighten the wallets of those trapped between check-in and boarding.

Those who fail to adapt will deserve their fate: a free flight to the sunset in a cloud of smoke with a litre of oblivion.

Sir, For James Currie to call 100,000 pensioners and elderly citizens who enjoy buying duty-free aboard Baltic sea cruisers an "affluent minority of travellers" is near to cynicism. In fact, duty-free tourism is one of the rare opportunities where this not so well-off group of society has a chance to get out of its social isolation and spend a day together at affordable prices due to duty-free purchases. A united Europe, which we all hope for, should be in the interest of all its citizens, including the elderly, and it should serve its citizens and not economic model-thinking from the ivory tower of a high-handed bureaucracy.

If we have it right, whereas duty-free shall be abolished in 1999 for the general public, the Commission and its officials will still be allowed to buy duty-free goods within their Brussels shop. Perhaps this is the "affluent minority" Mr Currie had in mind when denouncing the few enjoying the duty-free privilege.

Peter Vogt,
chairman,
Hamburg DGB Senioren
and the Hamburg Senior
Citizens' Council,

A selection of reactions from various journals

Sir, For James Currie to describe a situation where no tax is charged on a given group of products as a subsidy is surely turning the issue of taxation on its head.

To illustrate this I would like to highlight food, which attracts little or no sales tax in the EU. Would Mr Currie seriously suggest that by not taxing food it is subsidised by, for example, motor car sales? My biggest concern with his clearly corporatist thinking is that Mr Currie is totally out of touch with the reality of those who frequent duty-free shops. If he believes this is an affluent minority, he has clearly never travelled on a cross-channel ferry, been on a European booze cruise or ventured into Athens duty-free shop in August.

Worse still, to use his own argument, he will be encouraging a shift of "subsidy" or potential taxed European profits towards all those Mediterranean rim countries as well as Switzerland, at the expense of their EU neighbour via increased holiday appeal. The truly affluent traveller will continue to be unaffected as he is more likely to venture outside the EU. Mr Currie and his Commission colleagues are clearly in spoiling mode by directing their Eurocratic power toward the less affluent, removing some harmless fun while damaging the EU travel industry generally.

Henry Reid,
managing director,
The Europe Company,

Sir, James Currie's arguments that the duty-free allowance should be abolished are very persuasive. The system creates a distortion making the non-travelling public subsidise those who travel within the European Union.

But it is often rumoured that "Eurocrats" who live in Belgium pay, solely by reason of their employment, less tax on alcohol, petrol and other goods than the general Belgian public. May I ask Mr Currie, who may be uniquely placed as "director-general, customs and indirect taxation directorate" for the Commission in Brussels, to comment whether such benefits really do exist and, if so, whether the logic of his arguments against the duty-free lobby does not equally apply to such privileges.

Marcus Murphy,

and there are other things

■ RUSSIAN CRIME

A trainload of hooch

Police in St Petersburg seized nine rail cars containing approximately 530,000 bottles of counterfeit vodka bearing forged excise stamps, it was reported yesterday. Police say the vodka was produced in distilleries in the Russian Caucasian republic of North Ossetia.

Dozens of such distilleries operate in North Ossetia despite measures by the federal government to stop illegal vodka being produced and transported to other parts of Russia. Recent crackdowns have forced illegal producers of alcohol in newly independent states to seek other routes into Russia.

AP, St Petersburg

EUROPEAN proposals to scrap duty-free privileges are being bitterly opposed by travel providers, who claim that "travellers will lose a valued part of their holiday" (End of duty-free "will raise fares", September 12). It's a funny thing: when I go to the local corner shop, I don't expect to be sold tax-free international travel, and yet travellers regard it as their right to be sold tax-free goods unrelated to their journey.

There may have once been a slight justification for duty-free allowances when sea voyages were long and regulation on the high seas was impossible. But these allowances have developed into a privilege available only for those who can travel abroad. And the more foreign travel, the more privileges. It's regressive taxation — the sooner we see the end of it, the better.

David Davies.

24 Huddersfield Road,
West Bretton,
Wakefield WF4 4JY.

Unhelpful east Europe customs officers cost companies millions

By Charles Batchelor,
Transport Correspondent

Nine out of ten western companies experience difficulties with customs "red tape" hampering trade with central and eastern Europe, according to a survey of multinational groups.

More than half the 100 companies surveyed reported losing revenues, ranging from hundreds of thousands of pounds to several millions, as a result of customs difficulties, according to the survey for DHL, the express parcels group.

One French company said it had suffered problems because rubber stamps on documents were in the wrong place or were not pressed on hard enough.

A British company said customs in one country refused documents because they had been signed in black rather than blue ink, which was viewed as proof a document was an original.

Another British group said customs held back shipments of cider because they did not have a product code to cover it. Customs officers refused to classify it as an apple drink.

Customs difficulties far outweighed other problems encountered by western

companies such as currency fluctuations, political instability and corruption, mentioned by up to a third of the companies surveyed.

Only 10 per cent of the western companies felt the customs authorities took a positive attitude and 60 per cent said they had no understanding of the way business worked. A German company said while politicians understood business needs "customs officers don't. They need another 10 years."

The countries which are first in line for European Union membership, such as the Czech Republic, Hungary and Poland, had the most helpful customs but Bulgaria, Ukraine, Romania and Bosnia were bad.

Only 49 per cent of respondents thought there had been any improvement over the past two years in the form of easier document requirements and faster processing of shipments.

Improvements were most marked in Hungary, the Czech Republic, Poland and Slovenia.

Peter Davies, DHL director for central and eastern Europe, said: "The report backs up what we have been hearing on the ground. In some countries officials often see themselves as

cont
over

Importers warn of looming crisis over textiles tax

BY MARK TURNER

EUROPEAN importers of Bangladeshi textiles are warning that an impending tax bill of 65 billion ecu will drive many small businesses into bankruptcy.

The warning follows a decision by Dhaka, in response to European Commission pressure, to cancel thousands of fraudulent import certificates which gave T-shirts and other items from the country tariff-free access to the EU.

Under normal import rules, textile importers have to pay a 12.5% duty for access to European markets. But for poor countries such as Bangladesh, that tariff is waived where products are made entirely locally.

From 1994-1996, however, the Bangladeshi government issued thousands of tariff-free licences for clothes made with yarn from other countries, such as India and China, which do not benefit from such waivers – provoking complaints of unfair competition from EU textile manufacturers.

When the fraud was discovered, the Commission told Bangladesh it would not benefit from a new, more flexible system offered to Laos, Nepal and Cambodia until it revoked the certificates.

Following an earlier decision to annul 7,000 false documents issued over the same period, Bangladeshi Trade Minister Tofail Ahmed agreed this week to cancel almost 6,000 additional certificates of dubious origin and to pursue investigations into more than 2,000 others.

European Voice 25 September – 1 October 1997

Shred it

■ When you delete a file from your computer it doesn't disappear for good. Instead it lurks on the hard disk until the disk is full and the space it occupies is overwritten by new files. All of which threatens to be more than a bit embarrassing, now the courts have caught on and have taken to collecting hard disks as evidence.

American professor and author George Friedman has come up with an answer: his very own 'Shredder' software guarantees to exterminate those nasty little deleted-but-not-dead files for good. What's more, he's already taken the first order for this inexpensive little gizmo – from a law firm operating in Little Rock, Arkansas.

Extract only

From overleaf

policemen. Very often it is not the rules but the fact that they are applied without flexibility."

The solution lay in better training for customs officials and, in some countries, providing motivation, better resources and higher pay.

Customs Report for Central and Eastern Europe. Tel +44 171 465 7700. Free.

Thailand to Privatize Customs Department

Extract only

By Thomas Crampton

Special to the Herald Tribune

BANGKOK — When exporters try to get their goods past the notoriously slow inspectors at the Thai Customs Department, tea money — a small bribe — often appears to help.

But now, in an effort to become more competitive and remove an annoying impediment to trade, the Thai government will turn over customs operations to a private company.

“There are too many tables in customs offices and at some, only some, you have to pay tea money. We will create an on-line system to eliminate that problem,” said Thailand’s deputy director general of Customs, Preecha Chavalittumrong.

“A transaction that once took five hours will just take five minutes once it is working,” he said.

Companies have complained that Thai customs procedures are a costly hindrance to economic development.

Throughout the developing world, officials on small salaries using outmoded procedures have made customs an impediment to trade in their countries.

But within two weeks, a company called Trade Siam, which will be 51 percent privately owned, will be created to streamline the clearing of goods in and out of Thailand, Mr. Preecha said.

“The Customs Department and its offices at the airports and ports, have the reputation of being the most difficult administration to deal with in Thailand,” it said. “Businesses which are courageous enough to formally complain are often subject to later punitive measures, audit, searches and so on.”

It called for “immediate action is necessary to correct the situation in the short term and to help improve the overall economic situation.”

Earlier this year, the issue was raised to the diplomatic level, with the United States and other countries holding meetings with Thai officials.

In addition, a blunt assessment of the Thai Customs Department will be included in the 1998 U.S. Commerce Department country commercial guide.

Describing Thailand, the guide says: “Arbitrary customs valuation procedures sometimes constitute a serious import barrier.”

“Demands for unrecorded cash transactions are also an endemic part of the customs process,” it adds.

Herald INTERNATIONAL Tribune

BUSINESS/FINANCE

SATURDAY-SUNDAY, AUGUST 2-3, 1997

"ENTRE NOUS"



Nous souhaitons la bienvenue aux collègues qui sont entrés en fonction depuis le dernier XXInfo:

fonctionnaires:

Elizabeth Ann BYRNE	IRL	Sec
Ludwig DE WINTER	BE	C-4
Roger JANSEN	DE	A-1
Christiane KLAHR	DE	A-3
Susanne STAUFFER	DE	B-6
Michel VANDEN ABEELE	BE	D.G.
Frank VAN DRIESSCHE	BE	C-3
Thierry VINOIS	BE	Sec

interimaires:

Amal BAGHOUZ	BE	02
Bénédicte DE GROOTE	BE	A-2
Ghislaine GOB	BE	Sec
Dominique MAXHELEAU	BE	Sec
Bernadette TORELLI	IT	Sec

agents auxiliaires:

Claudia CROCE	IT	A-3
Andrée DECRE	BE	Sec

experts nationaux détachés:

Gareth HUGHES	UK	C-3
Benedetto SANTACROCE	IT	C-1

mouvements à l'intérieur de DG XXI

Kurt BUNGARTZ	END	→	FONC
Pascal HALLEZ	A1	→	DIR A
Arthur KERRIGAN	C-2	→	C-3
Fabrizio MARTINELLI	END	→	AUX
Elena MARTINO	INT	→	AUX
Lorenzo RIVERA	INT	→	AUX
Catherine URBAIN	02	→	SEC
Anders WILLUMSEN	C-1	→	C-4
Silke WRAGGE	DIR A	→	A-3

Nous disons au revoir à:***fonctionnaires:***

Christopher BOYD	UK	→	DG XI
James CURRIE	UK	→	DG XI
Luc DEJAIFFE	BE	→	Détachement
Mario DI PAOLA	IT	→	DG I
Maria FANTIN	BE	→	DG XI
Florinda FERRAGOLO	PT	→	démission
Leon GORDON	UK	→	retraite
Gillian KENNY	UK	→	DG I
Marie PHILLIPS	IR	→	DG XI
Carla PICCINI	IT	→	DG XI
Luca PIROZZI	IT	→	DG V
António QUEIROZ	PT	→	démission
Willy TAS	BE	→	DG IX
Ulrich TRAUTMANN	DE	→	Mis. disp. CAN

auxiliaires:

Sabine BRACKE	BE
John CALLINAN	UK
Line JOHANNESSEN	DA
Johanna VIITANNEN	SV

interimaires:

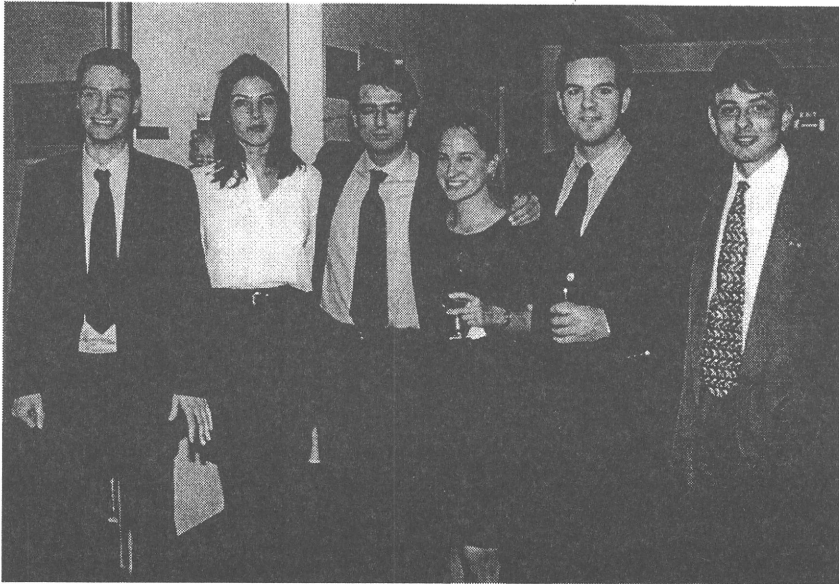
Andrée GOVAERTS	BE
Wania SANTOS DE OLIVEIRA	BE

agents temporaires:

Ilona DE VESTELE	BE
------------------	----

et aussi bienvenue aux stagiaires effectuent leur stage du 1^{er} septembre 1997 au 28 février 1998:

Brian FAGAN	US	C	15.09 - 12.12.1997
Veronika HASCHKA	A	C-2	22.09 - 19.12.1997
Javier ESPANOL SORIANO	ES	B	01.10 - 28.02.1998
Francesco LEVIZZANI	I	02	01.10 - 28.02.1998
Silvia MEDICI	I	Cab.	01.10. - 28.02.1998
Dominique MORCOM-HARNEIS	UK	01	01.10 - 28.02.1998
Ana Maria OTAL	ES	02	01.10. - 28.02.1998
Valentin POPESCU	RU	A-3	01.10. - 28.02.1998
Anthony VALCKE	UK	01	01.10. - 28.02.1998



Nouveaux Länder allemands

Carola KLEINERT	DE	C-3	05.01. -
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Congratulations



aux collègues récemment promus:

Vers A4:

Thomas CARROLL
Samuel HEWITT

Vers A6:

Jérôme CARRIAT
Manuel CATALAN RODRIGUEZ
Michele PEROLAT
Gilles SICCARDI
John TAYLOR

Vers A5:

Jean-Marie GOBEAUX
John MALONE
Donato RAPONI

Vers A7:

Caroline EDERY
David MAIR
Corinne MIMRAN

Vers B2:

Catherine GAMBOLD
Liliane HELLERBRANDT

Vers B4:

Baudouin BAUDRU
Sylvie BEAUCHET
Pia MICHELSEN
Volker ROKOS
Jesús URIBE MARCHANTE
Silke WRAGGE

Vers C2:

Indrid DE NYS
Evelyne PENDZIOR

Vers C4:

Emilia MELLONE
Florence HAGE
Anne-Marie MICHELS



Goodbye

To Leon Gordon, founder of Info, who hosted a lavish farewell gathering in the prestigious festival salons of Number XXX rue de YYY, facing the gracious open spaces of the stately Orban Square. Our society photographer, ο κύριος Αριστείδης Λαυρέντζος, seized the opportunity to freeze the moment for posterity. Here Leon is seen with his

trusted aide and secretary, without whom the training schedules would have been impossible to keep, Ilona De Vestele. Unfortunately owing to her contractual terms of employment she also has had to bequeath her dossiers to the gentle hands of another. Leon's last words to his erstwhile colleagues can be found in the rubric 'Post Box 21'



Seen , rather later the same evening, was James, usually known as Jim, Currie who gave the keynote speech of appreciation. Here

seen with Leon, probably hoping that his own farewell party for DG XXI will be an equal success.





On October 30th it was the turn of Jim Currie, Chris Boyd, Marie Fantin and Marie Phillips, who after a short acquaintance with DG XXI and the Quartier Leopold have decided to transfer jointly to the fine place that is Beaulieu, environmentally favoured, close to a Grande Bazaar, metro stations, ring roads, autoroutes to the west, the forêt de Soignes and the new

environmentally friendly ribbon park on former waste marsh ground along the stream that flows through the luxurious flats of the zone. Again our society photographer, ο κύριος Αριστείδης Λαυρέντζος, was there and captured several unforgettable images which are reproduced below.



Supplementary Report

It is only every 14 Years or so I get to visit Finland professionally. Thus this visit was certainly my last for which I won't have to pay. Given the prices up there, I will need to think twice about paying for myself. But having seen Helsinki, and the area immediately to the East, twice in the autumn I am beginning to think that I should see what it is really like, that is when it is not dressed up in all the colours you can imagine. Are they to compensate for, or to celebrate, the coming cold? Perhaps I should say "fall", the north American term for this time of year, rather than autumn, as the leaves swirl past you as you walk under leaden or pastel blue skies, or scuffle among drifts of gold, brown and red. Or be mesmerised by brilliant yellow maple leaves plastered onto grey blue granite pavements, some shewing the undersides which allows brilliant reflecting diamond raindrops to cluster like still quicksilver.

Last time I was there I was still mobile, and using the kind permission of the Commission to stay over Saturday night to compensate for a 'cheap' Apex flight, I caught a bus to Porvoo and then another to the coast to go for a walk in the woods. That day has remained indelibly stuck in my mind. The

clear crystal glass pale blue sky, the shimmering darker shades of the Gulf of Finland, the white of the birch trees swaying in the breeze waving goodbye to the crowns of yellow brown leaves, the black brown of the sturdier maples with their golden leaves, browns of the oaks, reds of berries and rarer acer trees, greens of the later trees and those grasses and smaller plants that had not yet turned a flaxen beige. The pinks, browns and lichen grey/greens of the smooth humped rocks that make you think of frozen dinosaurs. But especially the brown shaggy vastness of a fellow walker, twice as tall as



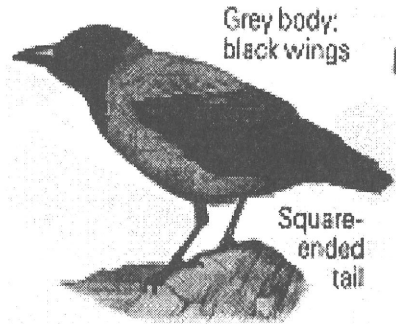
I and five hundred times as heavy. We met by mutual surprise on a hill, he peacefully browsing and I puffing steam from my exertions. I knew then exactly why Volvo drivers all over the North are terrified of a chance close encounter with

an Elk. They really are big - and beautiful. He didn't wait around to discover I didn't speak Finnish, speak Finnish, one moment he was there the next he was gone.

This time the Finns were kind enough to show us Porvoo officially, deviating the official convoy through the residential lanes of the city to show us that it was a myth that nobody in Finland lived between Helsinki and the Russian border. They shewed us some other places as well, but Porvoo is special, all the houses seem to be made of painted planks of pastel shades. Trees of all kinds abound while ponds and the river reflect the colours. I noticed that the roads were now no longer the dirt tracks I had trudged along and that they didn't shew us the centre, which I remembered from before as being bustling, made of glass, concrete, brick and busses. If you ever go to Finland do not miss this jewel of a place. To you, if you don't know Scandinavia, it will probably look very exotic and rather Russian. Not surprising really as Finland was for some considerable time a Russian Grand Duchy and it was they that founded Helsinki as it is today (which is why it looks so much like St Petersburg that it often acted as its "double" in films made before the fall of that wall). In any case modern Russia is only some 150 km away (although that part closest to the border is the eastern part of Kare-

lia and the rest of Karelia is still in Finland).

The day we went to Russia was grey, many different shades of grey came and went that day. At midday you could almost have been fooled into thinking the sky was blue, but full of scudding



Hooded crow

white grey clouds. Even the birds were grey. I had always thought crows were black, these were of mid grey stone with darker wings, but still flying in the straight lines crows are famous for (why else would the ECJ have said that the frontier zone extends for 16 kilometres 'as the crow flies' from the border crossing point?). My colleague, an orthinologist as well as oenologist and fermentologist, said they were "hooded crows, exactly the same as our carrion crows - just a morph.....!!!!!!". He is however convinced that there is only one of them and that IT

followed him about all day! We saw no other birds, unless you can stretch the word to cover pigeons. They had all gone south already even the sparrows.

But it was just this leaden greyness, with the blackness of the background fir trees, that caused the changing deciduous trees scattered along the edge of the (wolf ridden?) forest to explode

was like driving through a sea of fire with grey green islands of flowing rock. We did not want to arrive just to look at where we were going. The Finns have a word for it, I couldn't work out if it meant 'The colour', colours or the season. 'Ruska', suspiciously similar to the English word 'russet', translated in one dictionary as rust coloured and in another as the 'forest glowing with autumn tints';



one by one into view in a blinding blast of lemon goldness or red amber on the other side of a bark ploughed field as we sped warmly past in a Japanese cocoon. When the trees were closer to the road is

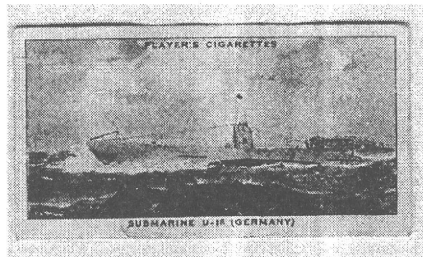
'glowing' 'tints'! What an understatement. Gods own fire-work display.

On the Saturday Ted Mertens, customs attaché to the Commu-

nity in the 'colonial' days, took me to Turku, the former capital that apparently reminded the Russians of the previous owners, the Swedes, so that they built their own in-stead. The time they left behind the bones of the English St Henry buried in the cathedral. A Swedish king took him along as chaplain on some attack and he stayed to convert the Finns. He was axed to death on a frozen lake by a farmer, explanations for this vary, but one of them suggests that not all clergy of the time were as celibate as they might have been; but the winters are very cold. Much later in the middle of this century they went back for him and since the war he is buried somewhere in Russia. But why steal a Saint if you are an atheist?

Turkus oldest part is the suburbs east of the river where the castle like Scandinavian¹⁾ gothic cathedral guards the bridge. Fire has swept through the city at least three times (and bombs rained down) so the city centre on the other side is a curious mixture of old wooden houses, 18th Century stately buildings, Finnish art nouveau, thirties brick, 50s concrete and modern glass. Down stream, past museum ships with thrusting masts or dazzle war time camou-

flage, past the longest rope making loft I have ever seen, I swear the bus took five minutes to drive past it, lies the castle grim, grim as in Grimms fairy stories, closed for the week. It looks really old but needed to be rebuilt with magic opening hours so that honest tourists always arrive just after it has from photographs some forty years ago. Next door are the deserted docks, that spring to life twice a day as the ferries from the west sweep in convoys and compete to see who can sail out again first. This so annoyed the Finnish customs in the old days of border controls, because their staff had



nothing to do but clean their shoes for the rest of the day, that years of patient negotiations with the companies involved lead to stalemate and deadlock. Some say that this is really why Finland joined the Union!

On Sunday I had to fend for myself as Ted had not worn a thick

¹⁾ Yes, I know that Finland is geographically not part of Scandinavia, but there are many Scandinavian cultural affinities

enough coat in Turku, (3° C with 20 Km winds feels like -5), but he told me that the fortress islands of SUOMENLINNA lying at the entrance to the south harbour of Helsinki were well worth visiting, 'if you ever come here in the summer'. It had stopped raining, temperatures had risen to 10°, so I set out on the ferry across the fjord past tiny islands each just big enough for the house and barn built on them. Suomenlinna has been taken under the wing of UNESCO, so there is now a labour colony in grey wooden huts wired off from the world where the rebuilders of roads and bridges live. They are allowed time off on Sundays so you can wade past or through the rebuilding works without hindrance. By now it was raining, hard, and the wind had decided to join in again so it was a sea of mud under brilliant trees surrounded by choppy water. Still it is worth seeing, all those barrack buildings, repair yards 19th Century bastions, the customs museum and my favourite, one

small innocent little 250 ton Coastal water U boat that the Germans gave to the Finns to sink the Soviet Navy with during the last war. She is now out of the water mounted on rocks by the sea looking for all the world like a modern version of a Viking longship. Past her loom from time to time the white floating buildings with pointed ends that they have the cheek to call ships these days as they ply the incredibly narrow passage through the archipelago at the end of their drive from Stockholm to Helsinki.

After that experience I think I will leave the rest of these islands for another visit in dryer times, that will give me the chance to see Finland's other colours and what shape the girls are. But I must say I would be just as curious to see what the colours of Finnish snow are in the few minutes of daylight they have in winter, perhaps then I could find time to try the saunas?

Tony GRIFFITHS - B-3

EN BREF

■ EU VAT

Commission considers cuts

Countries in the European Union should be allowed to drop the value added tax rate charged on labour-intensive services to help solve Europe's unemployment crisis, Mario Monti, the EU's single market commissioner, said yesterday.

The surprise announcement suggests a new flexibility towards taxation by the European Commission, driven by the need to tackle Europe's high jobless levels.

Mr Monti said he was considering setting up "experiments" in interested member states in which VAT on services such as hairdressing, shoe repairs and restaurants would be reduced. Only services which were local, and where a reduction would not disrupt the internal market, would be included. At the end of the experiments the Commission would judge whether the VAT reductions had a significant impact on jobs.

Emma Tucker

FINANCIAL TIMES THURSDAY OCTOBER 2 1997

■ BEER

Brewery challenges duty rise

A family brewery is to mount a legal challenge against the government's 1p-a-pint duty rise on beer, it emerged yesterday. Lawyers for Shepherd Neame, based in Faversham, Kent, are seeking a judicial review of the chancellor's Budget decision which they say has left British brewers even worse off in the battle against cheap continental beer imports.

The drinks industry has long campaigned against the high duty - six-times that in France - imposed on home-made products and blamed for the closure of hundreds of local pubs. The High Court will hear that, under the Treaty of Rome, governments are obliged to harmonise duty rates with Europe and promote the single market.

FINANCIAL TIMES MONDAY SEPTEMBER 15 1997

Buyer beware

Suits you, sir. Snappily dressed Italian Commissioner Mario Monti recently clarified the duty free rules for MEPs worried about what bargain buys they would be allowed to make on their jaunts outside the Union during the summer break.

No tailoring of the tax-free allowance is permitted by claiming, for example, on the jacket but not the trousers of a suit. It's all or nothing, warned Monti.

Observers should look out for the sartorial consequences of this clarification.

European Voice 4-10 September 1997

■ ARGENTINE FRAUD PROBE

Customs officers charged

An Argentine special prosecutor said on Tuesday that he had charged 212 customs agents in a \$10bn fraud scheme and ordered 52 of them removed from their posts immediately.

Rodolfo Diaz, treasury prosecutor, spent a year looking into the customs scandal that broke in October 1996. An estimated \$10bn of goods were brought in illegally, costing the state about \$3bn in unpaid taxes since 1992.

Mr Diaz said he had investigated nearly half the customs office's 4,000 employees and uncovered 207 different categories of fraudulent proceedings.

"I hope that this decisive action has meant this system of deviant behaviour in the customs office can be dismantled," he said, describing how crooked officials would mark goods as "in transit", take the containers to secret warehouses and return them to the customs department practically empty.

The scandal has already seen the former customs chief, Gustavo Parino, indicted and federal judge Carlos Branca impeached on corruption charges. *Reuters, Buenos Aires*



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FAX MESSAGE

FOR THE ATTENTION OF: Robert Light		
TO [FAX NO] 00 322 296 5983	OFFICE: DGXXI - B3	
FROM: CHRIS MITCHENER (MISS)	HEADER 1 +	DATE: 03/10/97

Your guess is as good as mine why the portcullis decided to look as if it belonged to Australian Customs!!

To ensure you get it right in your magazine try this one for size.

C. A. MITCHENER (MISS)

Airlines are competing to offer business facilities

Offices in the sky

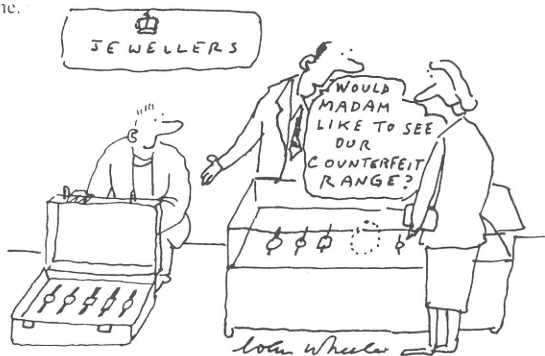
Pity the poor business traveller. A flight used to be the only undisturbed time he or she could get. Contact with the office was impossible, so the business person wallowed in the luxury of pure, unadulterated thinking time. No more.

Today, first and business class cabins resemble the insides of offices as airlines have turned them into offices in the sky. In-seat telephones, power points for PCs and fax machines are becoming the norm 30,000ft up. This is the new arena in which the main airlines are competing.



Public happy with pirate goods

Despite recent safety scares surrounding fake car components and children's goods, 40 per cent of the buying public will knowingly purchase counterfeit products, according to a survey previewed yesterday. The survey also found two thirds are unaware that the profits from counterfeiting fund organised crime.

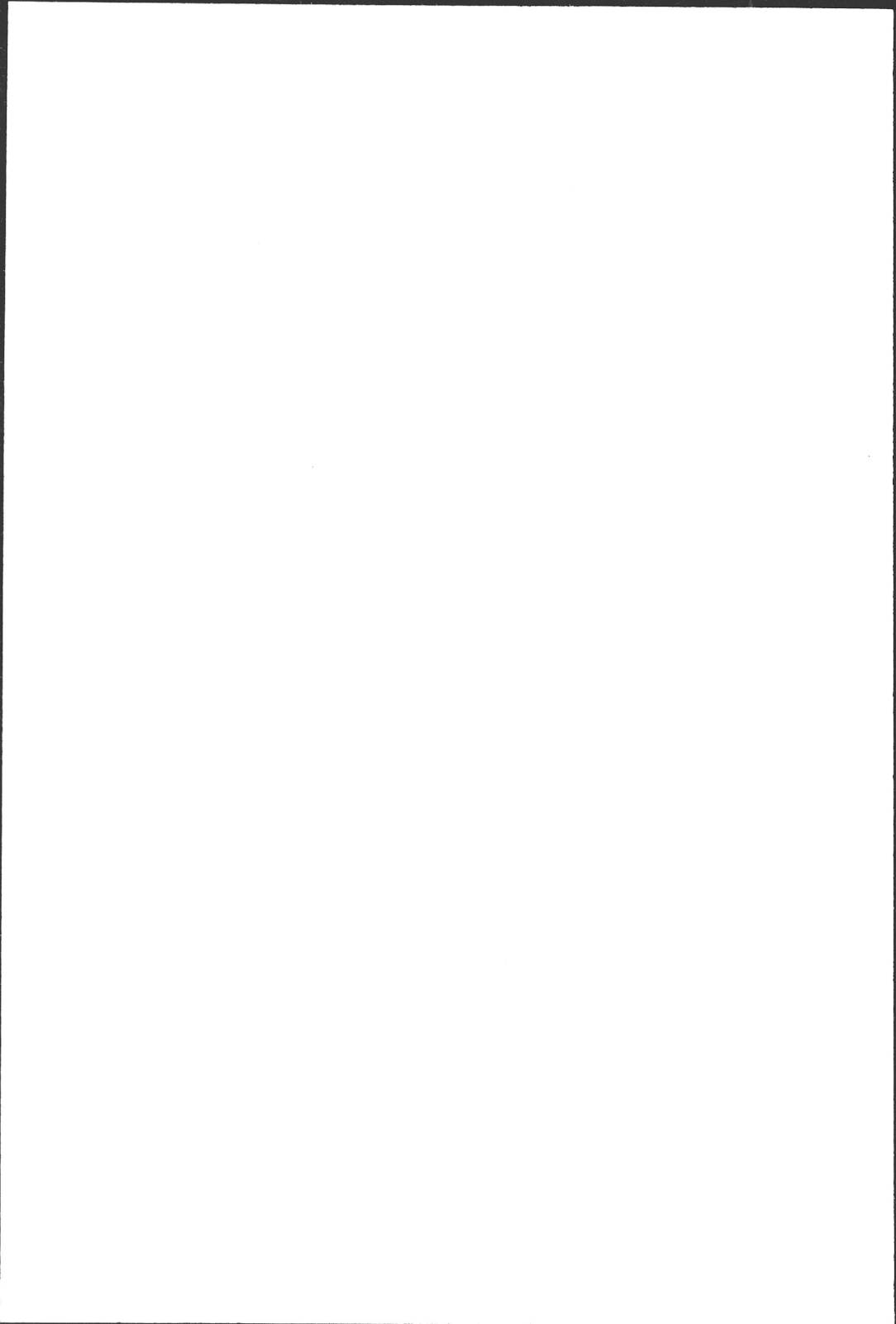


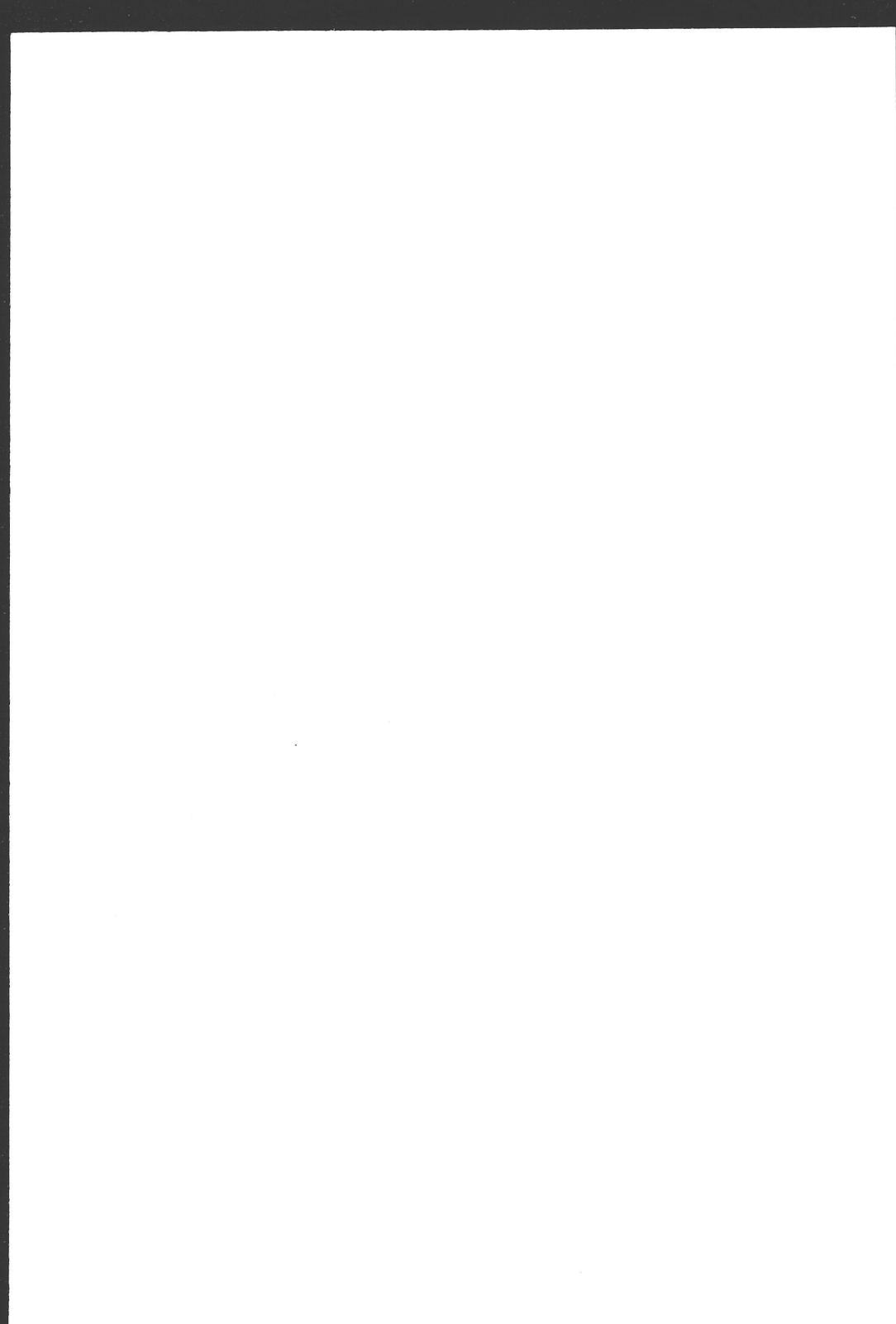
STOP PRESS



*Auld Lang Syne, Traditional Scottish farewell tune. Goodbye to Jim and the Info
Thanks Baudouin! Ed. And Jim.*







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Tony Griffiths

55729

2/29A

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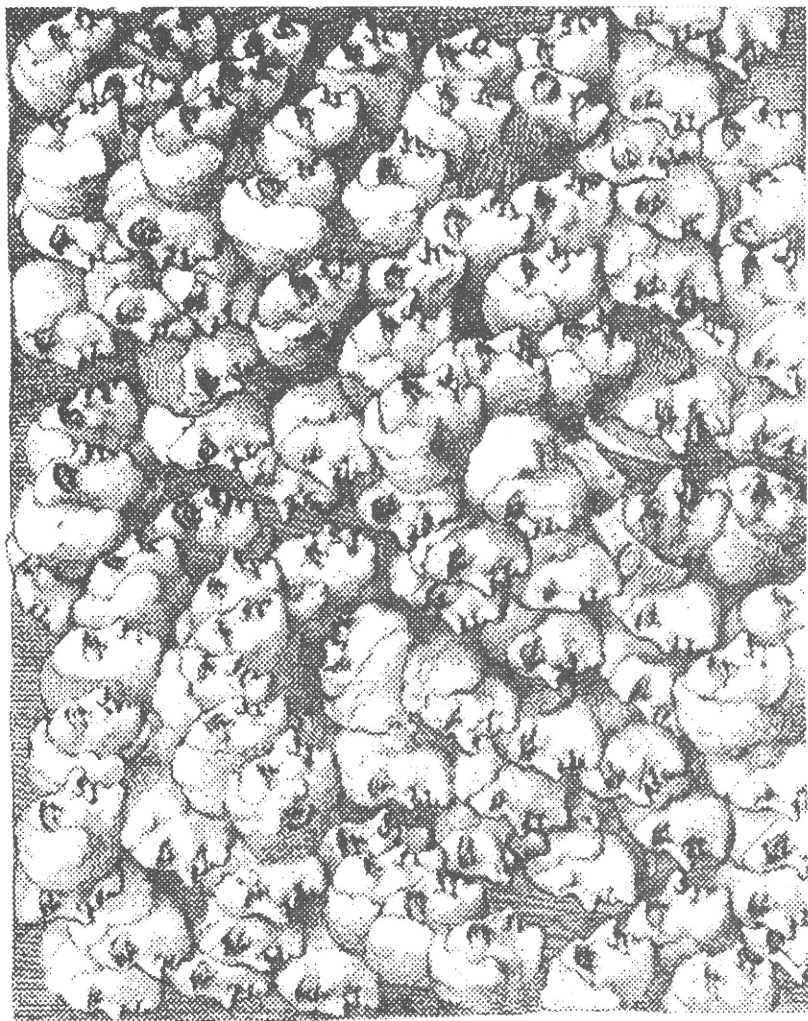
Mise en page:

Ida Perez

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Thank you to all our contributors and also to those unknown persons who helped them, with inspiration, technical knowledge, cups of coffee and so forths.

Merci à tous ceux qui ont contribué ainsi qu'à ceux qui ont aidés, en les inspirant ou en leur fournissant des connaissances et informations techniques, des tasses de café etc...



William Hogarth (1697-1764). *Characters and Caricatures*, 1743. Etching

Colleagues in DG XXI, some saying a fond farewell to the 'Boss', while others greet the arrival of the new 'Chef'
1997. Etching, photocopy and scan