

European Communities

---

EUROPEAN PARLIAMENT

# Working Documents

1981 - 1982

---

23 October 1981

DOCUMENT 1-621/81

## Report

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

on the proposal from the Commission of the  
European Communities to the Council  
(Doc. 1-948/80) for a regulation amending  
for the third time Regulation (EEC) No. 222/77  
on Community transit

Rapporteur: Mr K. von WOGAU



By letter of 23 February 1981 the Council of the European Communities requested the European Parliament, pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending for the third time Regulation (EEC) No. 222/77 on Community transit.

The President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs which appointed Mr K. von WOGAU rapporteur on 19 March 1981.

The committee considered the proposal at its meeting of 2 October 1981 and unanimously adopted the Commission proposal and motion for a resolution.

**Present:** Mr Moreau, chairman; Mr von Wogau, rapporteur; Mr Beazley, Mr Beumer, Mr Bonaccini, Mr Desouches, Mr Herman, Mr Hopper, Mr Nyborg, Mr Percheron (deputizing for Mr Schwartzberg), Mr Purvis and Mr Schinzel.

C O N T E N T S

Page

A. MOTION FOR A RESOLUTION..... 5

B. EXPLANATORY STATEMENT ..... 7

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending for the third time Regulation (EEC) No. 222/77 on Community transit

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 1-948/80),
  - whereas the internal Community transit procedure is frequently more complicated in practice than normal trade procedures,
  - having regard to its resolution of 15 February 1980 on a proposal for a regulation amending for the second time the regulation on Community transit<sup>2</sup>,
  - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-621/81).
1. Agrees on the need for the introduction of a period within which guarantors may investigate the justification of requests by the customs authorities for payment and therefore approves the Commission's proposal;
  2. Wishes, however, to take this opportunity of drawing the Council's attention to the far more comprehensive proposal for the simplification and partial abolition of the guarantee system and the abolition of transit advice notes for certain goods in internal Community transit which the Commission submitted in September 1979 and on which the European Parliament delivered a favourable opinion in February 1980<sup>2</sup>; regards this proposal as a particularly important step towards a situation in which large categories of goods may be exempt from formalities on crossing the Community's internal frontiers;

---

<sup>1</sup>OJ No C 97, 29.4.1981, p. 4

<sup>2</sup>OJ No C 59, 10.3.1980, p. 67

3. Urges the Council therefore, by rapidly adopting these two proposals amending the Community transit procedure, to demonstrate its firm political resolve to have the Customs Union operate without unnecessary administrative formalities at the earliest opportunity;
4. Instructs its President to forward this resolution to the Commission and Council of the European Communities.

EXPLANATORY STATEMENT

1. The regulation on Community transit requires guarantees to be furnished in order to ensure the collection of duties and other taxes; these guarantees may take the form of either a cash deposit or a surety.

At present the guarantor is obliged to pay the sums requested forthwith upon the first application in writing by the competent authorities; the Commission is now proposing the introduction of three months grace for guarantors to investigate the justification of such demands.

2. As a matter of principle the Committee on Economic and Monetary Affairs supports any proposal to make the Community transit procedure more flexible and efficient; but at the same time it would point out that the European Parliament has on several occasions called for much more extensive simplification of that procedure.<sup>1</sup>

The committee is of course aware of the Commission's energetic efforts to make the Community transit procedure simpler and more flexible, but would emphasize that the system is still highly complex; as a result, traders are usually obliged to employ forwarding agents and often prefer to use normal export procedures, especially when exporting to adjacent countries (even when these are also members of the European Community).

---

<sup>1</sup> In its resolution of 15 February 1980 (OJ No C 59, 10.3.80, p. 67), the European Parliament:

'3. Calls on the Commission to put forward before 31 December 1980 proposals to amend the Regulation on Community transit so that goods

- (a) freely circulating within the common market,
- (b) not covered by the common agricultural policy and
- (c) not subject to taxes, other than value added tax,

are exempted from formalities at the Community's internal frontiers; the recording and control of such goods and the calculation and collection of value added tax should in such circumstances be based on companies' normal accounts and checks carried out by the customs office at the departure point;

Insists, however, on the long-term objective of dispensing with all formalities in internal trade, which means for instance that the Community transit procedure will eventually become superfluous, and calls on the Commission to put forward the necessary proposals;

4. Stresses the need for guarantee exemption criteria to be based on objective criteria common to all Member States; in this connection steps must be taken to ensure that small and medium-sized undertakings are not unfairly treated;

5. Repeats that the list of goods still subject to the guarantee requirement should include as small a number of products as possible and be based on objective Community criteria;'

3. The situation may be summed up as follows:

- for normal export transactions four documents are required: an export declaration, an import declaration for customs, the invoice and transport documents;
- if the internal Community transit procedure is used, the following formalities are also required: guarantee, sealing, a T 2 transit document and transit advice notes.

In addition there are the problems of VAT, agricultural levies, veterinary inspection, the varying opening hours at frontier crossing points and customs offices, fees for customs clearance outside normal opening hours, the insistence by some Member States on the use of persons officially authorized to make customs declarations, the collection of statistics etc.

The number of formalities and documents required for trade within the Community reflects the fact that Community rules frequently seem the result of a compromise between the various national practices rather than the Community's own simplified procedures; hence the tendency to add to rather than replace existing procedures. The establishment of the Customs Union and the introduction of a common basis of assessment for VAT have therefore yet to be fully reflected in a simplification of frontier formalities.

For most transactions it should be possible in time to dispense with all except those formalities normally required within a national market: the supplier issuing an invoice and in some cases transport documents. The Committee on Economic and Monetary Affairs sees no reason why, in time, a single commercial document for trade within the Community should not be introduced, to be used both to accompany goods (inter alia for fiscal purposes) and for bookkeeping.

4. Leaving aside concessions relating to VAT on imports, and the collection of statistics etc, the Committee on Economic and Monetary Affairs wishes to focus its attention on matters directly relating to the Community transit procedure, especially the internal Community transit procedure.

Two aspects in particular deserve attention: the simplification of procedures in order to encourage the free movement of goods, and the prevention of abuse of the system.

5. The desire by certain Member States to retain the existing systems seems to be the reason why the Commission's 1979 proposal<sup>1</sup> for the simplification and partial abolition of the guarantee system and the partial abolition of transit advice notes has been effectively blocked in the Council by France, Italy and Belgium. These Member States apparently fear that the proposed simplifications will substantially weaken VAT checks.

The Committee on Economic and Monetary Affairs regrets this state of affairs, as the 1979 proposal goes much further than the present proposal which must by comparison be regarded as a matter of detail.

6. Another detail regarding the guarantee system is the refusal in some cases by the importing countries to recognize guarantees properly constituted in the exporting country, thus halting the transit operation at the frontier, with the consequent delays, extra expense and annoyance. The Commission should ensure strict observance of Community rules on the subject.

7. The business community also objects to having to complete both export and import declarations. By the use of carbons it obviously should be possible to complete these two forms simultaneously<sup>2</sup>.

8. Similarly, trade could be facilitated and time saved by practical measures such as better coordination of the responsibilities and opening hours of customs offices, the acceptance of copy invoices instead of originals, and the performance of a wider range of tasks by customs posts outside their normal opening hours. The national authorities should also exempt intra-Community trade from fees for customs clearance outside normal customs office opening hours.

9. Thus even if the Commission is not yet in a position to liberate internal trade as much as the European Parliament wishes (see point 2 above), the Committee on Economic and Monetary Affairs believes there to be a number of specific ways in which the Community transit procedure might be substantially simplified.

10. Of course the committee is aware of the argument that simplification of procedures and checks makes it easier to evade tax legislation for example.

---

<sup>1</sup> OJ No C 241, 26.9.1979, p. 6

<sup>2</sup> This is usually only possible for a combination of export declaration and despatch advice.

Although the Committee agrees that Community rules must be formulated so as to prevent fraud as far as is felt necessary, it would advise against exaggeration of this risk. Even now, if the will to commit fraud is there, it is quite possible to evade the tax laws. Existing frontier checks are only and can only be one of several types of checks, and it would be self-deception to believe that most of these checks can be carried out at the frontier crossing points. Simplified Community procedures do not necessarily mean fewer checks; on the contrary, if based on closer cooperation between national authorities they could make it easier to combat fraud. The committee has therefore frequently advocated greater emphasis on checks on company's accounts and their general dealings with the tax authorities.