REPORT

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

on increasing the number of Customs Personnel at the Community's external borders and the elimination of controls at the Community's internal borders

Rapporteur: Mr M.J. WELSH
On 16 December 1981 the motion for a resolution (Doc. 1-869/81) by Mr von Wogau and others on increasing the number of customs personnel at the Community's external borders was referred to the Committee on Economic and Monetary Affairs.

On 24 February 1982 the Committee appointed Mr Welsh rapporteur.

At its meeting of 30 November and 1 December 1982 the Committee considered the draft report and adopted it unanimously.

The following took part in the vote: Mr J. Moreau, chairman; Mr Deleau, vice-chairman; Mr Welsh, rapporteur; Mr Beazley, Mr Bonaccini, Mr Caborn, Mr Carrosino (deputizing for Mr Leonardi), Mrs Desouches, Mr De Goede, Mr Herman, Mrs Nielsen (deputizing for Mr de Gucht), Mr Purvis (deputizing for Miss Forster) Mr van Rompuy, Mr von Wogau.
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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement.

MOTION FOR A RESOLUTION

on increasing the number of customs personnel at the Community's external borders and the elimination of controls at the Community's internal borders

The European Parliament,

A. having regard to the Treaty of Rome and in particular Articles 3(1) and 48 thereof,
B. having regard to the motion for a resolution by Mr von Wogau and others (Doc. 1-869/81),
C. having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-968/82),
D. noting the concern expressed by the European Council at its meeting in June 1981 at the danger to the internal market posed by the introduction of fresh obstacles to trade by Member States,

1. Regrets that after 25 years the Common Market in terms of free movement of persons and goods is far from complete;

2. Calls for the rapid elimination of passport and customs controls on Community citizens at the Community's internal borders;

3. Recognizes that progress in this direction would be facilitated by the extension of the personal importation allowance and the elimination of duty free concessions between Member States;

4. Recognizes that liberalisation at the internal borders would necessitate a tightening of controls at the external frontiers in the light of the increasing incidence of drugs smuggling and other international crimes;

5. Believes that a true common market for goods will only be achieved through progress in other areas notably a common commercial policy, harmonisation of VAT, elimination of green currency rates and progress towards Economic and Monetary Union;

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6. Is convinced that, in the meanwhile, procedures could be much improved by inter alia:

i. rapid adoption of the Commission's proposal for a single import document;

ii. increase in the number of Inland Clearance centres;

iii. rapid development of the CADDIA Project with emphasis on the compatibility of different national systems and bringing them to an equivalent state of development;

iv. further development of mutual assistance through a Community scheme to promote widespread and regular cross posting of customs personnel;

v. improved training for Customs Officers particularly in advanced systems technology;

7. Appreciates the technical difficulties of separating goods in external and internal trade when they are cleared in the same place but urges that whenever possible the goods should be physically segregated to allow for an expedited procedure for those in free circulation;

8. Instructs its President to forward this resolution and this report of its Committee to the Council and the Commission.
EXPLANATORY STATEMENT

1. The creation of a single unified market unrestricted by tariff or non-tariff barriers to the free movement of goods was the pre-eminent objective of the Treaty of Rome. The frequent description of the European Community as "The Common Market" shows the extent to which this objective is identified in the public mind with the central purpose of the Community. The goal of eliminating tariff barriers between Member States was finally achieved in 1977, but in spite of strenuous efforts by the Institutions, the effort to remove non-tariff barriers has been less successful.

(a) The insistence of Member States on detailed checks of Community citizens by immigration and Customs Officials is irritating to the individual and casts doubt on the political commitment of national Governments to closer integration. As a further step towards the elimination of such controls it should be agreed that travellers coming from within the Community should be processed through separate channels to those coming from outside and should be subjected to random spot checks rather than meticulous individual examination. The problems associated with this liberalisation would be greatly eased if the Commission's proposals in increased personal allowances were adopted, and the duty free facilities for goods in intra Community trade abolished. Not only would this remove the necessity for systematic checks in most cases, but the psychological effect on a Community citizen able to move as freely around the Community as he can in his own country can hardly be over emphasised.

(b) The European Parliament has repeatedly drawn attention to the dangers of increasing abuse of heroin and other hard drugs which are smuggled into the Community and it is clear that effective customs examination of travellers is an important weapon in combatting this traffic. Representatives of the Customs staff have expressed concern that the resources available are inadequate to carry out this important task and although this is primarily a question for Member States, the Committee feels it right to draw attention to the need for effective border controls to carry out systematic checks for drugs and other substances which threaten the health and well being of the Community citizens. Special exemption would be necessary for internal frontier procedures where particular circumstances warranted.
2. In this year 1982 there is still no practical common commercial policy. VAT and Excise duties have not been harmonised, the development of Economic and Monetary Union has not proceeded beyond the preliminary stage of the EMS and the Member States continue to operate entirely separate systems for collecting trade statistics. The introduction and maintenance of Monetary Compensation Amounts and the introduction of agricultural health regulations have actually exacerbated the differences between the national agricultural sectors, the one area in which a developed common policy is supposed to operate. Thus although tariffs between Member States have been abolished little progress has been made in eliminating border controls in intra-Community trade; indeed continuing divergences between national, commercial and fiscal policy have made these more necessary than before.

3. Delays in transit caused by frontier formalities have cast an increasingly heavy burden on the shoulders of customs officers and other officials. They have also been the target of criticism by manufacturers and transport operators for causing unnecessary delay through an overzealous interpretation of the Regulations. The Customs Services through their Trade Unions and other representatives have responded by pointing out that they have insufficient staff to handle the procedures that they are required to carry out and that further recruitment is necessary if the bottlenecks are to be relieved. Notwithstanding certain Member States are actually reducing the number of customs officials they employ.

4. Lack of a detailed Common Commercial Policy makes it difficult to distinguish between intra and extra Community Trade. Indeed the way in which Member States compile their national trading statistics shows clearly that they do not acknowledge that distinction for internal purposes. Moreover the goods are handled in the same premises by the same personnel whether they come from inside or outside the Community partly because of different fiscal regimes and sometimes because of the operation of Article 115 of the Treaty of Rome. Accordingly the distinction between intra and extra Community goods implied in the draft resolution by Mr. Von Wogau and Pottering is difficult to follow.
5. Furthermore although the Committee for Economic and Monetary Affairs is primarily concerned with the Internal Market, it cannot ignore the implication of differentiating between external and internal trade for the Community External Trade Policy (Article 113 of the Treaty of Rome). The Community has frequently asserted its commitment to the principles of GATT and the maintenance of the open trading systems. If the number of customs officials dealing with goods coming from outside the Community were increased, as a matter of policy, at the expense of those dealing with goods in free circulation it would be seen by our partners, however unfairly, of calling in question the genuineness of our belief in open trade at a time when we are publicly pressing others such as Japan and the USA to honour their commitments.

6. As the Committee has frequently recognised the only satisfactory way of developing a unified market is the steady reduction of non-tariff barriers to trade based on the harmonisation of commercial and fiscal policy among Member States. In the meantime delays could be reduced and the burdens on customs staff eased by simplifying the procedures and reducing the need for documentation. In this regard support for the principle of a single clearance document which will be the subject of a forthcoming proposal from the Commission is to be encouraged. The Committee will no doubt produce a separate report on this, but at this juncture it may be observed that the principal obstacle will be persuading national administration to forego excessive demands for information and sink their traditional practices in the interest of a common format. This will require a considerable effort of will by the Member States which would be facilitated if a common position on the deferment of VAT payments on imported goods under the Sixth VAT Directive could be established.

7. In practical terms concentration on the development of Inland Clearance Centres would ease the pressure on frontier posts and avoid the frustrating delays that occur particularly during the busy summer season. Use of inland clearance centres would permit more goods to be directly offloaded close to or at their destination and permit a more rigorous examination to take place where necessary. Freight forwarders would be able to give a better service to their clients and delays minimised. Frontier posts could increasingly be geared to the needs of tourists and other private citizens which are quite different to those of ordinary commercial trade.
8. As has already been pointed out the complexity of clearance procedures is increasing and with it the administrative burden on customs personnel. Much can and is being achieved by the application of modern systems and technology which can relieve a great deal of the drudgery and difficulty of maintaining records. Application of these systems will require an enhanced degree of skill and technological expertise from customs staff and their training and remuneration should recognise this. Increased mechanisation and investment in equipment is a better solution to the problem of insufficient staff than ad hoc recruitment. Special attention should be given to the training of existing personnel in modern data processing. The CADDIA Project, which is designed to produce a series of compatible but not integrated national systems, is a major element in the Commission's work programme and should be supported in every way by Parliament. The development of CADDIA should be carefully monitored to ensure that the "gateways" between the national systems are such that access from one to the other is complete and the pace of development as uniform as possible.

9. It is unfortunate that during a recession the natural instinct of national governments, responding to public opinion, is to seek to protect their domestic markets from import penetration. Customs procedures are an important element in the assertion of governmental control over imports and enable national administrations to pay lip service to the principles of free trade while following protectionism policies in practice. In spite of this the principle of Mutual Assistance between customs administrations has been established and works increasingly well. Its development could lead to an increasing differentiation in practice between internal and external controls and a consequent easing of the former. The development of Mutual Assistance would certainly be enhanced by increased cross posting of customs officers between national administrations as observers. A similar system was designed during the evolution of the Benelux Treaty and its adaptation to the needs of the Community would do a great deal to remove suspicion and promote understanding of different national procedures. If a substantial number of customs personnel could be cross-posted for at least two years during the early years of their service particularly in the context of CADDIA it would provide the nucleus of an increasingly integrated Community service and add an extra dimension to the careers of customs personnel. The Commission should be encouraged to produce specific proposals.
10. If the pressure on the customs service is to be reduced the Community authorities should consider whether the various tasks customs staff have to undertake truly reflect the real priorities. Thus a considerable burden of work could be removed and a major cause of frustration removed from travellers if duty free concessions were eliminated and personal importation allowances considerably extended. This would remove the need to check all inter-Community travellers for duty free goods and free the customs officers for other more important tasks.
MOTION FOR A RESOLUTION (Doc. 1-869/81)
tabled by Mr von Wogau, Mr Pottering, Mr Vergeer, Mrs Cassanmagno Cerretti,
Mr Habsburg, Mr Giummara, Mr Pflimlin, Mr Wawrzik, Mr Clinton, Mr Costanzo and
Mr Konrad Schon
on behalf of the Group of the European People's Party (Christian Democratic Group)
pursuant to Rule 47 of the Rules of Procedure
on increasing the number of customs personnel at the Community's external borders

The European Parliament:

- having regard to the heavy workload currently borne by customs personnel
  as a result of the steady increase in external trade;

- having regard to the importance for the Common Market of safeguarding
  the Community's external borders;

- having regard to the Member States' budgetary problems, which require
  energetic measures to be taken;

- concerned that the reduction in customs personnel envisaged by a number
  of Member States might compromise the safeguards provided at the
  Community's external borders;

- desirous of relaxing internal border controls, thereby contributing to the
  achievement of customs union;

1. Firmly believes that more intensive customs and passport controls at
   the Community's external borders, in particular at airports and seaports,
   would reduce the distinct tendency of Member States in recent years to
   impede the movement of goods and persons within the Community;

2. Calls on the Council to make representations to the Member States with a
   view to securing the transfer of personnel from internal to external
   borders in order to ensure that adequate safeguards are henceforward
   provided there by customs and border controls.

   Justification

At its meeting in June 1981 the European Council referred to the need to
maintain and expand the Community's internal market. The European Council
shared the Commission's concern at the danger to the internal market posed
by the introduction of fresh obstacles to trade by the Member States.
However, all efforts simultaneously to facilitate travel between the Community Member States, the psychological effect of which on European integration should not be underestimated, have proved fruitless. In recent years the duty-free allowances applying to travel between Community Member States have been reduced. At present, customs officials at the internal borders are required to collect very small amounts of duty, which are out of all proportion to the administrative costs involved. Many Member States are facing financial difficulties, requiring drastic cuts in public spending. Certain of them are therefore envisaging a reduction in customs staff, although the latter are, even now, faced with a very heavy workload.

The Union of Financial Staff in Europe is justifiably concerned that adequate safeguards will no longer be provided at the external borders of the Community. Such safeguards however, form an important precondition for the essential removal of intra-Community trade obstacles and for easier travel across the Community’s internal borders.

Existing customs personnel must be deployed primarily at the external borders; at the same time, the controls effected at the internal borders must be kept to an absolute minimum.