

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(92) 317 final

Brussels, 31 August 1992

Proposal for a

COUNCIL REGULATION (EEC)

on the control of exports of certain dual-use goods and
technologies and of certain nuclear products and technologies

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The application of "export controls" on intra-EC trade in certain goods and technologies which can be used for both civilian and military purposes poses a problem for the completion of the internal market. The problem is caused by the fact that, to eliminate or minimise the risk of diversion, controls are generally applied on trade between the Member States themselves in addition to the controls which are applied on trade between the individual Member States and proscribed or sensitive destinations. As a result there is a need to find a solution which allows for such controls on intra-EC trade to be dismantled. The solution should be limited to what is necessary to meet the requirements of the internal market while respecting the existing distribution of competence within the Community.

2. BASIC CONSIDERATIONS

As already stated in its Communication of January 1992 (1), the Commission believes that an effective solution to the problem must be based upon the following considerations:

- export controls on such goods and technologies are subject to the EEC Treaty;
- such goods and technologies should move as freely between Member States as they do within each of them;
- the sine qua non for the elimination of controls on intra-EC trade is the establishment by all Member States of effective controls, based on common standards, on the export of the goods and technologies in question to non-EC countries;
- the means employed to achieve the objective should not contravene the Treaty;
- the controls applied on dual-use goods and technologies under all regimes (such as COCOM, the Nuclear Non-Proliferation Treaty, the Australia Group and the Missile Technology Control Regime) as well as foreign policy controls applied by the Member States, must be covered by the proposed solution.

3. DISCUSSIONS WITH MEMBER STATES

3.1 Following the presentation of the Commission's Communication in January 1992 an Ad hoc High Level Working Party was established by the Council to examine the problem. Discussions concentrated on the five prerequisites identified by the Commission for the elimination of intra-EC controls on dual-use goods and technologies:

- a common list of dual-use goods and technologies which are subject to control. The Member States are already working on this, but it will need to be enacted at Community level (to ensure, for example, uniform publication and direct application in all Member States);

(1) SEC(92) 85 final, 31.1.1992.

- a common list of destinations, although the nature of this list, i.e. whether it should be a list of "proscribed" or of "special facilities" destinations will require further reflexion;
- common criteria for the issuing of licences for exports from the EC;
- a forum or mechanism in which to coordinate licensing and enforcement policies and procedures;
- explicit procedures for administrative cooperation between Customs and Licensing offices throughout the Community - including almost certainly an informatics system. A scheme for mutual assistance already exists (Regulation EEC no 1468/81).

3.2 During the course of the meetings a general consensus has emerged on the objective to be achieved: effective controls on the exports of the goods and technologies in question to third countries must be applied in such a way that controls on intra-EC trade can be eliminated. It has also been recognized that differences in Member States' export control policies and practices can create trade diversion and a distortion of competitive conditions within the Community.

4. NEED FOR A COMMUNITY REGULATION

4.1 Export control systems are composed of many elements, for example, basic laws and regulations, lists of controlled goods and technologies, lists of proscribed/sensitive as well as "friendly" destinations, different types of licences, exporter awareness programmes, penalties, customs procedures, information sharing, inter-agency cooperation.

Controls on intra-EC trade can only be dismantled if each Member State has a sufficient degree of confidence in the controls applied towards third country destinations by the other Member States. This requires that effective controls must be applied by all EC Member States, which in turn means that a minimum number of requirements be agreed upon at Community level: the list of goods and technologies which are subject to control, the lists of proscribed/sensitive as well as "friendly" destinations, licensing policies, customs procedures.

In addition, given the critical role played by information sharing on suspect companies, attempted diversions, etc., close and constant administrative cooperation is essential if export controls are to be applied effectively throughout the Community.

4.2 For these reasons the Commission considers that a regulation is required if the Community is to achieve its objectives of:

- elimination of controls on intra-EC trade in such goods and technologies;
- application of effective controls on their export to third countries.

Such a regulation, limited to what is necessary to meet the requirements of the internal market, respects the existing distribution of competence within the Community:

- As regards the action at Community level, the regulation is limited to the essential requirements necessary for the completion of the internal market.

It leaves Member States with final responsibility for the conduct of control policies, in particular as regards the issue of licences.

- As regards competence, the regulation is based on the fact that decisions concerning lists of goods and of destinations, are essentially strategic in nature and therefore part of national competence.

As the work on the elaboration of the lists of a) dual-use goods and technologies and b) destinations has not yet been finalized, this proposal for a regulation provides for the framework within which all Member States will apply controls on exports of the dual-use goods in question to third countries. Once the lists of goods/technologies and destinations have been agreed, a proposal for a complementary regulation, which will contain the lists in question, will be presented to the Council.

5. COORDINATION OF ITS APPLICATION

To ensure that the regulation, once adopted, is applied effectively, the Commission will propose the establishment of a coordinating group, composed of the representatives appointed by each Member State or their deputies and chaired by a representative of the Commission.

The task of the group will be:

- to examine any question arising from the export of dual-use goods which may be tabled either by the Chairman or by the representative of a Member State;
- to facilitate the implementation of this regulation;
- to collect all useful information for its application in the Member States.

The group will be consulted by the Commission on any changes to the control system that may be contemplated.

6. COMMENTS ON SPECIFIC ARTICLES

Article 1

The objective of this regulation, as stated in this article, is to ensure that all Member States apply, on the basis of common standards, effective export (and re-export) controls on certain dual-use goods and certain nuclear products to non-EC destinations.

Article 2

This article defines some of the key concepts of the regulation, including 'export', 're-export' and 'exporter'. The definition of 'dual-use goods' embraces a wide range of goods and technologies which are subject to control.

Article 3

This article defines the substantive scope of the regulation. Exports of the items listed in the complementary regulation are subject to authorization by the competent authorities in the Member States.

Article 4

With a view to avoiding proliferation and drawing from the experience of some Member States, this article makes non-listed dual-use goods subject to export authorisation when a potential exporter is aware that they are intended for a purpose described in the article or when he is informed of such purpose by his government. To limit the burden on exporters the scope of the obligation is limited to proscribed/sensitive countries.

Article 5

This article allows Member States to take measures of general application to prevent the export of goods not listed in the complementary regulation, which the competent authorities have reason to believe could be used for purposes incompatible (inter alia) with their international commitments in this area.

Article 6

The control system is based on export authorisation procedures which are already applied by Member States. The export authorisation, which is granted by the competent authorities of the Member State where the exporter is located, is valid throughout the Community.

To ensure complete transparency throughout the Community, the Commission will publish the list of the competent national authorities in the C series of the Official Journal.

Article 7

The basic principle underlying the proposed export control system is that exports of the dual-use goods in question should be subject to individual licensing. However, as is the practice in all Member States, it is foreseen that simplified authorisation procedures should be available and that their use should be encouraged in all Member States. Article 7.4 excludes, erga omnes, the possibility of simplified procedures for a small number of goods which are specifically identified in the complementary regulation. Similar restrictions can be placed on exports from the Community of additional goods.

Article 8

The dual-use goods covered by this regulation will circulate freely within the internal market. To eliminate or reduce to the minimum the possibility that the goods in question could be exported through one Member State but not through another Member State because of differences in the criteria which are employed to decide whether or not to authorize an export, it is essential that all Member States apply the same criteria when taking such decisions.

The seven criteria are those which were adopted by the European Council in its "Declaration on Non-proliferation and Arms Exports" in June 1991.

Article 9

This article obliges potential exporters to provide the competent authorities with all relevant information concerning their application. If important data are not made available, or if false information is given, then the Member State which has issued the licence has the right to revoke its decision. To avoid possible circumvention, all refusals, and the reasons therefor, should be made known to the competent authorities in the other Member States.

Article 10

At the time of completing customs formalities for export, the customs authorities will have to examine the export authorisation for the dual-use goods to be exported.

The system is not innovative in terms of customs procedures: the role of Member States' customs authorities is to check that there is no disparity between the goods presented for customs clearance and the documents furnished in support of the latter. The customs authorities are well acquainted with this mechanism.

It is also a simple means of protecting Member States' interests, since in the absence of an export authorisation in support of the single administrative document (SAD), the customs authority could not allow the dual-use goods in question to be removed from Community territory.

Article 11

Administrative structures vary from one Member State to another and the relations between public authorities and economic operators are governed by different rules.

It was consequently deemed preferable, at this stage, to allow Member States the option of limiting the number of customs offices responsible for handling exports or reexports of the goods in question.

To ensure that the arrangements introduced by Member States are transparent, the Commission will publish in the Official Journal, on the basis of information supplied by the Member States, details of any customs offices so designated.

In respect of trade in dual-use goods between Member States via the territory of Member States of the European Free Trade Association (EFTA), it is considered essential to provide for the implementation of the relevant provisions of Regulation (EEC) n° 1214/92 and of the Convention on a common EEC-EFTA transit procedure, in order to ensure that the goods actually arrive at their destination.

Article 12

To ensure strict export controls at the external frontier of the Community it is essential that the competent authorities in the Member States cooperate closely and that they exchange relevant information. In the light of experience gained in this area of regulatory action, Regulation (EEC) No. 1468/81 on mutual assistance can be applied here.

Under it, the competent authorities of the Member States can assist each other and can, either spontaneously or on request, cooperate among themselves and with the Commission. The information exchanged is confidential and can take several forms: provision of documents, special surveillance, investigations, etc.

It is obvious that the administrative cooperation envisaged in the context of this Regulation should cover all of the departments responsible for its application, and in particular the licensing offices, as well as the Commission.

Article 13

Article 13 prescribes the controls which the persons concerned by the export or reexport of dual-use goods must respect and which are essentially documentary based: references on commercial documents, etc., and record-keeping, so as to allow for verification by the competent authorities.

Article 14

Article 14 is intended to give supervisory authorities the powers necessary to ensure that the regulation is properly applied.

Article 15

This article is self-explanatory.

Article 16

This article obliges all Member States to take appropriate action, including the organization of industry awareness programmes, to inform those who are concerned with exports or re-exports of their obligations in this respect.

Articles 17

This article is self-explanatory.

Article 18

This article is intended to ensure that Member States apply adequate sanctions.

Article 19

This article is intended to ensure the exchange of information (in particular on national measures for applying the Regulation) and close cooperation between the Member States and the Commission in the implementation of the Regulation. To ensure complete transparency, it is considered essential to present a regular report on the application of the Regulation.

Article 20

Although all Member States apply export controls at present they will have to make some changes in their systems and/or working practices in order to adapt them to the changed environment which will exist after the completion of the internal market. During this period of adaptation the risks of exports being diverted could increase. To ensure that such risks are eliminated or reduced to the minimum the Commission considers that it may be necessary to envisage certain additional implementing measures during a one-year period from the date of implementation of the present regulation.

Article 21

This article is self-explanatory.

Proposal for a
COUNCIL REGULATION (EEC)

on the control of exports of certain dual-use goods and technologies and of certain nuclear products and technologies

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas in the course of preparations for the completion of the internal market, in accordance with Article 8a of the Treaty, it has become clear that there is a need for common rules governing the export to third countries of certain dual-use goods and technologies and of certain nuclear products and technologies, that is to say goods which may be used for both civil and military purposes;

Whereas to avoid any possibility of deflection of trade, effective controls, based on common standards, should be ensured, on exportation of the aforesaid goods and technologies, at the Community's external borders whilst ensuring that Member States remain in a position to meet their international commitments;

(1)

(2)

Whereas the action conducted at Community level should not exceed those requirements which are essential for the completion of the internal market; the decisions concerning the lists of goods and technologies and destinations which are subject to control, as well as the explicit criteria to be applied when deciding to grant an export authorization, are clearly of a strategic nature and consequently fall within the competence of the Member States; whereas the lists, when drawn up, will be published in a complementary regulation to be adopted by the Council; whereas, if necessary, they will subsequently be modified or supplemented in accordance with the same procedure;

Whereas to this end the system to be put in place should impose an obligation to have an authorization prior to the exportation of goods and technologies covered by this Regulation; whereas this necessitates a clear definition of the scope of this Regulation and the procedures for its implementation;

Whereas even where goods and technologies are not listed among those covered by the complementary regulation mentioned above, Member States should be able to intervene in exceptional circumstances;

Whereas arrangements should be made to ensure the necessary exchange of information between the various authorities in the Community responsible for enforcing compliance with this Regulation;

Whereas in view of the considerable experience of the Member States' authorities and the Commission in application of Council Regulation (EEC) No 1468/81 of 19 May 1981 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the

correct application of the law on customs or agricultural matters⁽³⁾, as amended by Regulation (EEC) No 945/87⁽⁴⁾, the said Regulation should be applied in the present context;

Whereas provision should be made for implementing measures of strictly limited duration aimed at reducing the danger of deflection of trade during the initial phase in which the competent authorities in the Member States are adjusting to the requirements of this Regulation;

Whereas the Treaty establishing the European Atomic Energy Community contains provisions concerning the control of exports of nuclear materials by the Community from its territory; whereas, in these conditions, this Regulation is not applicable to them;

Whereas the Ministers of Foreign Affairs of the Community adopted, on 20 November 1984, the Declaration of Common Policy, which was subsequently adopted by Spain and by Portugal, which covers in particular the arrangements concerning intra-Community transfers of plutonium and of uranium enriched to more than 20%, as well as installations and technology relating to reprocessing, to enrichment and to the production of heavy water;

Whereas this Regulation should not apply to goods covered by Article 223 of the EEC Treaty,

HAS ADOPTED THIS REGULATION:

(3) OJ No L 144, 2.6.1981, p. 1.

(4) OJ No L 90, 2.4.1987, p. 3.

TITLE 1 - General

Article 1

The purpose of this Regulation is to ensure that Member States apply the necessary control measures, in accordance with common standards, to the exportation or re-exportation from the Community of certain dual-use goods and technologies and of certain nuclear products and technologies.

Article 2

For the purposes of this Regulation:

- (a) "dual-use goods" means any of the goods, related technologies (technical and scientific information, including know-how and engineering expertise), as well as certain nuclear products and technologies, which can be used for both civil and military purposes and which appear on a list to be enacted in a complementary regulation to this Regulation;
- (b) "export" means a procedure referred to in Article 161 of Council Regulation (EEC) No/92 [establishing a Community Customs Code]⁽⁵⁾ under which Community goods temporarily or definitively leave the customs territory of the Community, as well as a transaction by which related technology leaves the Community;
- (c) "re-export" means a transaction of the kind referred to in Article 182 of Regulation (EEC) No/92 by which non Community goods, as well as related technology leave the customs territory of the Community;

(5) OJ No L ...

- (d) "exporter" means any natural or legal person on whose behalf the customs declaration is made and who is the owner of the goods or who has similar powers of disposal over them, as well as any natural or legal person who is responsible for related technology leaving the Community;
- (e) "competent authorities" means the authorities in each Member State given responsibility for ensuring that this Regulation is implemented;
- (f) "customs declaration" means the act whereby a person indicates in the prescribed form and manner the wish to place goods under the export procedure.

TITLE 2 - Scope

Article 3

Subject to Article 4, an authorization shall be required for the export and re-export to third countries of the dual-use goods which, following agreement by the Member States, are the subject of a complementary regulation to the present Regulation.

Article 4

An authorization shall be required for the export or re-export of any goods not listed in the complementary regulation provided for in Article 3 if the exporter is aware, or has been informed by his government, that the goods in question are, in their entirety or in part, intended for use in connection with the development, production, maintenance, detection, identification or dissemination of conventional, chemical, biological or nuclear weapons and the development, production, maintenance or storage of missiles capable of delivering such weapons.

This Article shall not apply to the countries which benefit from the provisions of Article 7(3).

Article 5

Notwithstanding Article 4, the competent authorities may prohibit the export or re-export of goods not listed in the complementary regulation provided for in Article 3; they shall immediately so inform the Commission and the other Member States, who shall consider the matter.

A decision on the repeal or continuation of this measure shall be taken by the Council on a proposal from the Commission.

TITLE 3 - Export authorization

Article 6

1. An export authorization shall be granted by the competent authorities in the Member State in which the exporter is established. The authorization shall be valid throughout the Community.
2. An export authorization shall be valid only if the interested party meets the conditions attached to it.
3. Member States shall furnish the Commission with a list of the national authorities empowered to issue export authorizations for dual-use goods.
4. The Commission shall publish the list of the authorities referred to in paragraph 3 in the C Series of the Official Journal of the European Communities.

Article 7

1. An export authorization shall be issued for each export or re-export transaction.
2. The competent authorities may apply simplified formalities to exporters who so request; in particular, they may issue a general authorization for a type or category of dual-use goods as well as for one or more third countries.
3. A general authorization may be granted to any exporter who so requests for dual-use goods exported to the countries which are set out in a list laid down in the complementary regulation provided for in Article 3.
4. Paragraphs 2 and 3 are not applicable to the dual-use goods appearing in a specific list to be laid down in the complementary regulation provided for in Article 3.

Article 8

In deciding whether to grant an export authorization the competent authorities shall have regard to the following criteria:

- (a) respect for the international commitments of the Member States of the Community, in particular the sanctions decreed by the Security Council of the United Nations and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations;
- (b) respect of human rights in the country of final destination;
- (c) the internal situation in the country of final destination, with reference to the existence of tensions or internal armed conflicts;

- (d) the preservation of regional peace, security and stability;
- (e) the national security of the Member States and of territories whose external relations are the responsibility of a Member State as well as that of friendly and allied countries;
- (f) the behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances, and respect for international law;
- (g) the existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.

Article 9

1. Exporters must supply the competent authorities with all information in their possession relevant to an application for an export authorization.
2. A Member State which has granted an export authorization may suspend or withdraw it where it has good reason to suspect that the authorization was obtained by means of false information or where the exporter has failed to comply with the obligation in paragraph 1.
3. Where a competent authority refuses, suspends or revokes an authorization it shall inform the other competent authorities accordingly, giving the reasons for its decision.

TITLE 4 - Customs procedures

Article 10

The export authorization shall be presented in support of the export declaration, at the time of completing customs formalities for export, to the customs office responsible for handling that declaration.

Article 11

1. The competent authorities referred to in Article 6(3) may determine that customs formalities for the export of the goods covered by this Regulation may be completed only at customs offices empowered to that end.
2. Member States taking the option offered by paragraph 1 shall inform the Commission of the customs offices duly empowered.

The Commission shall publish this information in the C Series of the Official Journal of the European Communities.

3. Title IX of Commission Regulation (EEC) No 1214/92⁽⁶⁾ and Article 26 of Appendix I to the "Convention on a common transit procedure" concluded on 20 May 1987 by the Community and the EFTA countries⁽⁷⁾ shall apply where carriage of goods covered by this Regulation is effected between two points in the Community through the territory of an EFTA country.

(6) OJ No L 132, 16.5.1992, p. 1.

(7) ...

TITLE 5 - Administrative cooperation

Article 12

1. Acting in liaison with the Commission, Member States shall take all appropriate measures to establish direct cooperation and exchange of information between their competent authorities.
2. Regulation (EEC) No 1468/81, and in particular the provisions on the confidentiality of information, shall apply mutatis mutandis.

TITLE 6 - Control measures

Article 13

1. Any export or re-export transaction covered by this Regulation must be supported by appropriate documentation. In particular, commercial documents such as invoices, manifests and other dispatch and transport documents must contain sufficient information to allow the following to be identified with certainty:
 - . the description of the goods;
 - . the quantity and weight of the goods;
 - . the name and address of the exporter, and of the consignee.
2. Persons with an interest in export or re-export transactions covered by this Regulation must keep detailed commercial records of those transactions.

3. The documents and records referred to in paragraphs 1 and 2 must be kept for at least three years from the end of the calendar year in which the transaction referred to in paragraph 1 took place, and must be produced to the competent authorities on request.

Article 14

In order to ensure that this Regulation is properly applied, each Member State shall take whatever measures are needed in its domestic law to enable the competent authorities:

- (a) to gather information on any order or transaction involving dual-use goods;
- (b) to enter the business premises of persons with an interest in an export or re-export transaction in order to establish that the control measures are being properly applied.

Article 15

Verification of the final destination may be required from third countries.

TITLE 7 - General and final provisions

Article 16

Member States shall take all necessary measures to satisfy themselves that persons with an interest in export or re-export transactions are fully aware of their obligations under this Regulation.

Article 17

Each Member State shall designate a representative responsible for all contacts with the other Member States and the Commission concerning the control system.

Article 18

Each Member State shall determine the penalties to be imposed in the event of breach of the provisions of this Regulation and, where appropriate, of any national measures relevant to its application; such penalties must be effective, proportionate and dissuasive.

Article 19

Each Member State shall inform the Commission of the measures taken for the implementation of this Regulation.

The Commission shall pass on this information to the other Member States. Every three years it shall present a report to the Council and the European Parliament on the implementation of this Regulation.

Article 20

Within one month of the adoption of this Regulation the Commission shall take additional implementing measures, to apply for not more than one year, aimed at reducing the danger of deflection of trade during the initial phase in which the competent authorities are adjusting to the requirements of this Regulation. Such measures may not involve any control measures at the Community's internal borders.

Article 21

The provisions of this Regulation do not affect:

- the application of Article 223 of the Treaty establishing the European Economic Community;
- the application of the Treaty establishing the European Atomic Energy Community to exports of nuclear materials from the territory of the Community.

Article 22

This Regulation shall enter into force on 1 January 1993.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

1. Title of operation

Council Regulation on the control of exports of certain dual-use goods and technologies and of certain nuclear products and technologies.

2. Budget heading involved

1993: B5-7233.

3. Legal basis

- Treaty establishing the European Economic Community, and in particular Articles 8a and 113 thereof;
- Draft Treaty on European Union (Title XII), and in particular Articles 129c and 129d thereof;
- Proposal for a Council Decision, presented by the Commission on , adopting the guidelines covering the objectives, priorities and broad lines of measures envisaged in the sphere of trans-European networks and identifying projects of common interest;
- Commission communication to the Council and the European Parliament of 10 December 1990 entitled 'Towards trans-European networks: for a Community action programme' (COM(90) 585 final);
- Conclusions on trans-European networks adopted by the Council on 31 March 1992;
- Council resolution of 22 January 1990 concerning trans-European networks (OJ C 27, 6.2.1990, p. 8).

4. Description of operation

4.1 Specific objectives

For the internal market to function properly, there must be closer cooperation than in the past between the national and Community administrations and much more systematic exchange of information, with the timespans involved so short that only the intensive use of electronic data transmission (EDT) systems can provide the answer. The inter-administration EDT networks necessary for the smooth functioning of the internal market have been assigned priority as part of the efforts to establish trans-European networks in the telecommunications field.

The Commission and the Member States have started work on measures to ensure that the removal of intra-Community controls on exports of strategically sensitive goods and technologies will be backed up by the establishment of uniform control machinery whose effectiveness will be at least comparable in all Member States.

A network for the exchange of information between the authorities responsible for such control will provide an essential guarantee that the future arrangements will function satisfactorily.

The specific objective is thus to establish, in conjunction with the Commission, an EDT network linking the national administrations responsible for granting export licences, comprising an information sub-system, an information exchange sub-system and an interface with the customs administrations' computerized communications network.

4.2 Duration

1993-97.

4.3 Target population

The target population comprises the administrations responsible for managing the internal market as far as export controls and customs matters are concerned.

5. Classification of expenditure

Non-compulsory expenditure; differentiated appropriations.

6. Type of expenditure

The establishment and running of the Community-wide EDT network for the control of exports of dual-use goods and technologies is to be co-financed with Member States. In the interests of effectiveness and sound management, however, certain measures may be funded in full.

Community co-financing will not exceed the critical threshold necessary to create, in a spirit of joint responsibility, the impetus to prompt Member States to provide the additional resources needed for establishing and operating the networks concerned.

This co-financing from Community funds is intended in particular to ensure that, in the years ahead, the priority networks concerned with operation of the internal market develop consistently and remain interoperable throughout the Community.

7. Financial impact

7.1 Method of calculating total cost of operation

The estimated total cost of the operation is based on experience in establishing similar networks gained by the Commission during preparatory work and through cooperation with the national administrations.

The estimated total cost of the EDT networks is as follows:

- control of exports of dual-use goods and technologies:
ECU 0.5 million

7.2 Detailed breakdown of operation

ECU million

BREAKDOWN	1992 budget	Preliminary draft budget for 1993	Percentage change
- Establishment of the network	-	0.25	-
- Coordination and assistance in the starting-up of the network	-	0.10	-
- Training of users	-	0.15	-
TOTAL	-	0.5	-

7.3 Schedule of commitment appropriations

ECU Million

1992 Budget	Preliminary draft budget for 1993	INDICATIVE SCHEDULE			
		1994	1995	1996	1997 and subsequent years
-	0.5	p.m.	p.m.	p.m.	p.m.

- Possible amount deemed necessary: p.m.

8. Anti-fraud measures

The checking of grants or the receipt of services ordered is performed by the Commission prior to payment, in accordance with its contractual obligations and the principles of careful stewardship and sound financial and general management. Anti-fraud measures (monitoring, submission of reports, etc.) are written into all agreements or contracts concluded between the Commission and the recipients of funds.

9. Elements of cost-effectiveness analysis

9.1 Objectives

Specific objectives

The operation forms an integral part of the drive to complete and ensure the smooth functioning of the internal market, particularly as far as exports of strategically sensitive goods and technologies are concerned. With a view to establishing machinery for the uniform control of exports of dual-use goods and technologies, a network for the exchange of information between the authorities responsible for granting licences will enable the relevant controls to be managed effectively.

The operation should thus make it possible to put in place in a coordinated fashion an electronic data transmission network linking the national administrations responsible for granting export licences for dual-use goods and technologies.

The operation should therefore help, in close cooperation with and between the Member States, to:

- establish the network Community-wide;
- coordinate and assist in the starting-up of the network;
- train users on a joint basis.

9.2 Grounds for the operation

Consultation and cooperation with the national administrations began long ago and is to be stepped up considerably in future. Nevertheless, experience - in the introduction of EDT services particularly - has shown that a Community contribution is indispensable if publicly funded national services are to be ready in time. Furthermore, operation of these services to appropriate performance standards requires a steady supply of funds: few of the national administrations will be able to draw the necessary resources from their own budgets in the near future.

It is the Commission's duty to ensure that, in the priority areas where smooth functioning of the internal market hinges on the availability of EDT services linking administrations once checks have been abolished at internal borders, those services actually exist. The Community's effort should continue over the period 1993-97, initially in order to continue the establishment, and subsequently to co-finance the operation, of EDT networks linking administrations.

Nevertheless, favourable spin-off can be expected from the operation:

- strengthening of the administrative structure of the Community;
- abolition of checks at internal frontiers;
- strengthening of the external frontier;
- stepping-up of measures to combat fraud.

9.3 Monitoring and evaluation of the operation

Performance indicators selected

- Completion of stages that differ according to the project planning;
- Adherence to the timetable given in the masterplan for establishing electronic data transmission networks linking administrations.

Details and frequency of planned evaluation

Under the future policy on trans-European networks, the Commission will have to publish an annual report on all Community measures contributing to fulfilment of the objective pursued.

The report will be adopted by the Commission and sent for information to the Council, Parliament, the Economic and Social Committee and the future Committee of the Regions.

The project will also be evaluated by panels of experts from the Commission and the Member States. These technical working parties will meet several times a year in order to keep progress under constant review.

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15

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