

443.112.8

European Communities

EUROPEAN PARLIAMENT

Working Documents

1978 - 1979

27 October 1978

DOCUMENT 405/78

Report

drawn up on behalf of the Committee on External Economic Relations

on the proposal from the Commission of the European Communities to the
Council (Doc. 244/78) for a regulation on temporary importation arrangements

Rapporteur: Mr M. INCHAUSPE

12.1.

PE 54.779/fin.

By letter of 25 July 1978 the President of the Council of the European Communities requested the European Parliament, pursuant to Articles 28, 43 and 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 on temporary importation arrangements.

The President of the European Parliament referred this proposal to the Committee on External Economic Relations as the committee responsible.

On 19 September 1978 the Committee on External Economic Relations appointed Mr Inchauspé rapporteur.

It considered the proposal at its meeting of 17 October 1978. At the same meeting it unanimously adopted the motion for a resolution and the explanatory statement.

Present: Lord Castle, acting chairman and oldest member; Mr Inchauspé, rapporteur; Mr Brugha, Mr Fitch, Sir Geoffrey de Freitas, Lord Kennet, Mr Mont, Mr Radoux, Lord St. Oswald and Mr Vandewiele.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	8

A

The Committee on External Economic Relations 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 on temporary importation arrangements

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Articles 28, 43 and 235 of the EEC Treaty (Doc. 244/78),
 - having regard to the report of the Committee on External Economic Relations (Doc. 405/78),
1. Approves the Commission's proposal, to which practical importance must be attached because the introduction of temporary import arrangements will mean
 - (a) progress towards the uniform application of the Common Customs Tariff (CCT);
 - (b) simplification of the movement within the customs territory of the Community of goods to which the arrangements apply;
 - (c) distortion of the conditions of competition being countered;
 2. Feels that adequate resources must be available to the Commission to ensure the correct administration of the temporary importation arrangements, especially with a view to preventing the goods in question being used for purposes other than those provided for in the Commission's proposal.
 3. Attaches the utmost importance to the earliest possible adoption by the Commission and Council of the implementing measures called for in the proposal so that the temporary importation arrangements may be applied in full.
 4. Requests the Commission to incorporate the following amendments in its proposal, pursuant to Article 149, second paragraph, of the EEC Treaty.

¹ OJ No. C 172, 19.7.1978, p.2

Council regulation on
temporary importation arrangements

Preamble and recitals unchanged

TITLE I

GENERAL

Articles 1 to 4 unchanged

Article 5

Except in cases for which special time-limits have been established, the authorities shall fix the period during which the goods may remain in the territory by reference to the authorized uses. This period shall run from the date on which the goods become subject to the arrangements and may not exceed 24 months.

However, where the holder of the authorization is able to show just cause, the authorities may amend the conditions of the authorization for temporary importation, and in particular the time-limit, for reasons which have arisen subsequently to the importation of those goods.

Article 5

Except in cases for which special time-limits have been established, the authorities shall fix the period during which the goods may remain in the territory by reference to the authorized uses. This period shall run from the date on which the goods become subject to the arrangements and may not exceed 24 months.

However, where the holder of the authorization is able to show just cause, the authorities may amend the conditions of the authorization for temporary importation, and in particular the time-limit, for reasons which have arisen subsequently to the importation of those goods, provided that the Commission is informed before any decision is taken.

Article 6 unchanged

TITLE II

IMPORTATION WITH TOTAL RELIEF FROM PAYMENT OF IMPORT DUTIES

Articles 7 to 22 unchanged

TITLE III

TEMPORARY IMPORTATION WITH PARTIAL PAYMENT OF DUTY

Articles 23 to 25 unchanged

TITLE IV

ADDITIONAL PROVISIONS FOR THE PLACING OF GOODS UNDER THE
TEMPORARY IMPORTATION ARRANGEMENTS, AND FOR THEIR MOVE-
MENT WITHIN THE CUSTOMS TERRITORY OF THE COMMUNITY

Article 26 unchanged

TITLE V

FINAL DISCHARGE OF THE ARRANGEMENTS

Articles 27 to 31 unchanged

TITLE VI

FINAL PROVISIONS

Article 32

To ensure the correct administration of the temporary importation arrangements Member States shall communicate to the Commission all data relating to importations which might warrant an examination at Community level.

Information the disclosure of which might prejudice industrial or **trade** secrets may be given in separate returns, which shall be treated as **confidential**.

Article 32

To ensure the correct administration of the temporary importation arrangements Member States shall communicate to the Commission all data relating to importations which might warrant an examination at Community level, that is, which are of a volume to be determined by the Committee for Customs Processing Arrangements.

Information the disclosure of which might prejudice industrial or **trade** secrets may be given in **separate** returns, which shall be treated as **confidential**.

Articles 33 to 35 unchanged

EXPLANATORY STATEMENT

1. The object of the proposed regulation is the creation at Community level of rules allowing goods to be imported into the customs territory of the Community from third countries for a temporary period (after which they are re-exported) with total or partial relief from the payment of duties, these becoming payable if the goods are put into free circulation within the meaning of Article 9(2) of the EEC Treaty.

The general purpose of the temporary importation arrangements, which at present differ from one Member State to another, is, according to the Commission's explanatory memorandum, to promote the international division of labour.

2. The harmonization of the appropriate national arrangements has three objectives:

- (a) to achieve uniform application by the Member States of the Common Customs Tariff (CCT) with respect to goods imported temporarily;
- (b) to allow a temporary import license issued by one Member State to apply throughout the Community;
- (c) to counter distortions of the conditions of competition between, on the one hand, users of goods subject to the temporary importation arrangements and, on the other hand, users of similar goods obtained on the Community market.

These objectives stem directly from the fact that the Community is based on a customs union, two aims of which are the elimination of customs duties between the Member States and the introduction of a common customs tariff and in which sound conditions of competition should apply.

3. The proposed arrangements thus have considerable practical importance. The regulation is made up of six titles and a number of annexes.

Title I is the general section, providing the framework and the most important provisions of the arrangement. It is, for example, stipulated that the arrangements are in principle applicable to goods of all kinds and origins, including goods that come under the common agricultural policy (Article 1(3)).

4. The authorities of the Member States determine on the basis of the importer's application, and in the light of the intended uses, the quantity of goods to be granted the benefit of the arrangements (Article 2(2)). The authorities also fix the period which may not exceed 24 months, during which the goods may remain in the territory by reference to the authorized uses (Article 5. first paragraph).

Nevertheless, the last paragraph of Article 5 permits the authorities to amend the conditions, and in particular the time-limit, of the authorization for reasons which have arisen after the importation of the goods (Article 5, second paragraph). The period of 24 months may, in other words, be extended by the national authorities, but only in exceptional cases.

5. It may be asked whether it would not have been more expedient to lay down a period of less than 24 months. This would reduce the risk of the goods being used for purposes other than those which the Commission had in mind in proposing the regulations.

The Committee on External Economic Relations feels, moreover, that the possibility of extending - even exceptionally - the 24-month period granted to the national authorities, might result in some distortion of competition within the customs territory of the Community. This could notably happen if the Member States were to apply divergent standards to the temporary importation arrangements.

Some vigilance seems, therefore, necessary to ensure that the authorities responsible exercise effective control and see to it that the goods really are re-exported at the end of the period allowed.

It would also be desirable for the Commission to be informed of every instance where the 24-month period is extended. The addition of a provision of this kind to Article 5 would enable the Commission to supervise the application of the regulation more effectively, which would be facilitated by its activities in the Committee for Customs Processing Arrangements, as provided for in Article 33 of the regulation.

6. Other provisions of Title I can be summarized as follows:

- the benefit of the arrangements will be granted to natural or legal persons (Article 2(1)),
- it must be possible to identify the goods in question (Article 2(4)),

- the benefit of the arrangements will be granted by means of authorizations (Article 2(3)),
- and authorization may be revoked if improper use is made of the arrangements (Article 6).

7. It should also be pointed out that the benefit of the arrangements may be transferred by the authorities to any other person who satisfies the relevant conditions (Article 3(1)).

This does not, however, mean that in a given case use may be made of the arrangements in another Member State without further formalities, as the following considerations will show.

8. Title IV of the proposed regulation contains additional provisions concerning the movement of goods within the customs territory of the Community. These provisions must, however, be laid down separately, i.e. in implementation of the regulation, by the Council on a proposal from the Commission. This title calls on the Council, inter alia, to establish rules for the recognition of a single authorization as being valid for the whole customs territory of the Community (Article 26(b)). Until this is done, the corresponding provisions of the Member States will remain effective (Article 34(2)).

This means that the regulation cannot in practice become fully effective until the requirements of Article 26 have been satisfied. It is therefore important that the Commission and the Council should ensure that these additional provisions are laid down as quickly as possible.

9. As already stated, Article 1(3) stipulates that the temporary importation arrangements will be applicable to goods of all kinds and origins.

The regulation does, however, distinguish between temporary importation with total relief from import duties and temporary importation with partial payment of duties, depending on the use to which the temporarily imported goods are to be put.

10. The first of these categories is dealt with in Title II and the appropriate annexes. The various types of goods that may be considered for total relief are described. They are in particular products used in the exercise of certain trades or professions.

11. All goods not mentioned in Title II, or in the annexes and those goods which are listed but do not fulfil all the necessary conditions, may in principle be considered for temporary importation with partial payment of duty (Article 23(1)). This category of goods is covered by Title III.

However, the Council, acting on a proposal from the Commission, is to establish a list of the goods which may not benefit from temporary importation arrangements consisting in partial payment of import duties (Article 23(2)).

This approach therefore presupposes further action on the part of the Commission and Council. According to the Commission, this list has not yet been drawn up, although the Member States have been asked for their opinion on the matter.

The manner in which partial payment is effected is governed by Article 24 and requires no further explanation here.

12. Title V contains provisions on the final discharge of the arrangements, i.e. the conditions under which they are considered to have terminated.

13. Title VI contains four final provisions, some of which have been referred to above. To ensure the correct administration of the arrangements, one provision is that the Member States must communicate to the Commission data relating to importations (Article 32).

In our opinion it would be better expressly to state that the Member States must communicate such data to the Commission at its request. The Commission is after all the obvious body for deciding when it requires these data.

14. The Committee for Customs Processing Arrangements, which already exists, has the power to examine any question concerning the application of the regulation that is put to it in accordance with the prescribed procedure (Article 33).

15. The Committee on External Economic Relations welcomes the proposed regulation, which cannot be denied a certain practical value. The whole customs territory of the Community will be open to those who take long-term advantage of the temporary importation arrangements, since the movement between Member States of the goods coming under these arrangements will no longer be hampered by the different provisions that now exist at national level.

It is, however, of the utmost importance that the necessary implementing measures be adopted as quickly as possible because the arrangements cannot be applied fully until this is done. This is particularly true of the recognition of a single authorization throughout the customs territory of the Community (as provided for in Article 26) and the list of goods which may not benefit from temporary importation arrangements consisting in partial payment of import duties (as provided for in Article 23(2)).

In addition, the Commission will need as many facilities as possible and a large measure of cooperation to ensure the correct administration of the temporary importation arrangements. To this end, the Committee on External Economic Relations feels that additions should be made to Articles 5 and 32 as indicated above.