

**CUSTOMS CONTROLS BETWEEN COMMUNITY COUNTRIES:
WILL WE NEVER GET RID OF THEM?**

I. The incidents which have taken place in the last couple of weeks at the frontiers between some EEC Member States ("intra-Community frontiers") have shown how far we still are from having either a genuine Community "internal market" or the freedom of movement for people and goods which are such fundamental goals of the Treaty of Rome.

The Treaty has been in force for twenty-six years and a customs union in existence for fifteen, yet in practice the situation at intra-Community frontiers differs little from that at the Community's frontier with various non-member countries.

The queues that lorry drivers have to put up with (and individual travellers and holidaymakers too, particularly at "peak periods") are a constant source of aggravation and a waste of time and money which seriously tarnish the Community's image on the eve of the second elections to the European Parliament.

II. Why are there still border formalities within a customs union, since there are no longer any customs duties or quantitative trade restrictions?

The question is all the more pertinent in that reliable estimates put the cost to European economies of the mere existence of intra-Community frontiers at some 15 000 million ECU a year, 5-7% of the value of goods traded annually.

Confirmation comes from a recent American Chamber of Commerce poll of European businesses, which showed

that 44% of firms complained of hold-ups caused by border controls, while four out of five claimed they added to the price of goods in the shops.

Customs duties and quantitative restrictions were abolished fifteen years ago, a number of reasons are still put forward to explain the need for checks on goods and persons at frontiers between Member States.

Controls on the movement of persons continue because "police" frontiers have not been abolished; Member States are not keen to relinquish control of their borders.

As for formalities in goods traffic, they reflect the differences between Member States' tax systems, technical or administrative regulations, and monetary policies.

1. Tax frontiers: these are concerned mainly with indirect taxes - VAT and excise duties - which often vary widely from one country to the next. The necessary adjustment is made at the frontier, with the tax applicable in the country of departure being deducted and that applying in the country of destination levied instead.

2. Technical frontier: safety regulations, standards, and health (including veterinary) regulations are not the same in all Member States.

3. Administrative frontiers: as well as the import and export procedures which have to be gone through and the monitoring carried out for statistical purposes, there is the general accumulation of administrative red tape.

4. Monetary frontiers: some Member states still

maintain exchange controls, and monetary compensatory amounts have to be applied to agricultural products.

III. Since 1981 on Mr. Narjes's initiative, the Commission has been pressing Member States to speed up progress on the internal market (see information notes P-37 and P-70), and in 1982 it put proposals to the Council for a top-priority action programme the third part of which is designed to cut down border formalities. On 4 December 1982 the European Council meeting in Copenhagen threw its full weight behind the Commission, and called on the Council to implement the programme in 1983.

In that year the Council devoted six meetings to the problems of internal market, and did make considerable progress on the harmonisation of company law and technical standards (see Memo 58/83).

But progress on boarder checks and formalities remained unsatisfactory, partly because of resistance from the various national administrations.

(a) The Council has adopted the following Commission proposals for the simplification of border formalities.

1. A regulation to help "tradesmen" by exempting their "tools" from customs procedures. It was adopted on 25 November 1983 (see IP(83)409) and will come into force on 1 January 1985, allowing press, radio and TV journalists, craftsmen, engineers, etc. to travel throughout the Community, clearing their equipment through customs on a "carnet" which they can obtain free of charge, without needing to pay any deposits. For the time being the regulation does not

apply to artists and their work or to various types of commercial sample, but the Council hopes to have remedied this by May.

The Commission's original proposals amounted to a real Community "laissez-passer", but the Council rejected this idea, fearing that it could open the door to abuses. Nevertheless, this new regulation is the first practical instance of a streamlining of customs formalities, which will be of particular benefit to people working in frontier areas.

2. A directive to speed up the passage of goods across frontiers, adopted on 1 December 1983 (see memo 19/84).

This directive has been widely commented on in connection with the incidents at the Italian frontier. Its aims are essentially as follows:

- a centralization of checks and formalities at a single point;
- the abolition of systematic controls - in future only spot-checks would be carried out;
- Community-wide recognition of inspections carried out by other Member States;
- cooperation between the different departments involved in various controls;
- longer working hours for customs posts: twenty-four hour passage for vehicles which are empty or in transit, and a minimum of ten opening hours on weekdays (six hours on Saturdays).

France, Ireland, Greece and Luxembourg are allowed a longer grace period before incorporating this directive into their domestic legislation. However, in the light of recent events Mr. Narjes has asked them to reconsider their position.

The Commission estimates that application of this directive should cut delays by 30-50%, representing a saving in transport costs of 1 000 - 1 500 million ECU a year.

(b) Commission proposals still before the Council:

1. The common customs document

A proposal for a regulation was tabled on 9 July 1982 with the aim of replacing the dozen of different forms (six or seven for each operation!) currently used for the consignment, transit or customs clearance of goods in the Community by a single document, thus considerably streamlining customs formalities and simplifying intra-Community movements as compared with non-Community countries.

On 25 November last year the Council reached agreement on a maximum of some 65 items of information which could legitimately be required, and also agreed to study the use of data-processing techniques at Community level.

The Community expects the Council to be able to adopt the proposal this year.

(The Benelux countries, incidentally, decided last year to introduce a common form in trade amongst themselves).

2. Centralizing VAT collection (Fourteenth Directive)

The major financial hurdle at frontiers is VAT collection. The Commission wants to put intra-Community trade procedures on the same footing as domestic transactions by getting importers to include these operations on their normal tax returns. This would be an important step towards reducing border formalities.

The proposal is still encountering resistance from certain Member States, worried about the budgetary implications, the risk of fraud, and administrative complications.

The Commission does not believe these are insurmountable problems; some Member States (Greece, Belgium, the Netherlands and Luxembourg) have been using this procedure for years.

3. In July 1982 the Commission laid before the Council a draft resolution aimed at streamlining checks on the movement of travellers and on member States to agree by the end of 1984

(a) to instruct police to replace systematic controls by spot checks, and

(b) to have immigration channels at airports and ports specially reserved for the nationals of member States.

Modest as these proposals are, they have still not been approved by the Member States, who fear the loss of a weapon in the fight against terrorism, drug trafficking, etc. The Commission agrees that it would be unrealistic to scrap the controls at a stroke; but since thorough checks would still be possible, the proposal poses no threat to Member States' legitimate security interests.

RIGHTS AND DUTIES OF INDIVIDUAL TRAVELLERS
AT INTRA-COMMUNITY FRONTIERS

Border crossing formalities

Theoretically you no longer need a passport to cross frontiers; a national identity card, where it exists (there is no U.K. identity card), is all that is required, and in general only spot checks are carried out. Only Greek nationals still have to present a passport for the time being.

A common European passport will be introduced on 1 January next year.

The international vehicle insurance "green card" no longer has to be checked at frontiers for private cars, though of course Community law still requires motorists to carry the card.

The Members States' national driving licences are already recognized throughout the Community, and a common multilingual Community licence is to be introduced progressively from 1 January 1986 onwards.

NB. Greece, France and Italy still maintain exchange controls, but a judgement given by the Court of Justice on 31 January may lead to changes.

Allowances for travellers

Travellers are entitled to the following allowances:

a) Tobacco products:	
cigarettes or	
cigarillos (cigars of a maximum	300
weight of 3 g each) or	
cigar or	150
smoking tobacco	75
	400 g
b) Alcoholic beverages:	
- distilled beverages and spirits	
of an alcoholic strength	
exceeding 22° or	1.5 litres
- distilled beverages and spirits,	
and aperitifs with a wine or	
alcohol base of an alcoholic	
strength not exceeding 22°;	3 litres
sparkling wines, fortified	
wines and	4 litres
- still wines	
c) Perfumes and	
toilet waters	75 g
	3/8 litre
d) Coffee or	
coffee extracts and essences	750 g
	300 g
e) Tea or	
tea extracts and essences	150 g
	60 g

N.B. The tobacco and alcohol allowances do not apply to travellers under 17, and for under-15s there is no coffee allowance either.

Denmark is allowed to apply restrictions to residents returning after a short trip.

Travellers are also entitled to import in their personal luggage, 210 ECU worth of goods (other than their personal effects) bought in another Member State, provided the goods were paid for at the normal "market" price (i.e. not in a "tax-free" transaction) and are not being imported for commercial purposes. In Member States' national currencies, the concession is worth:

Belgium/Luxembourg	Bfr/Lfr	9 600
Denmark	DK	1 700
Germany	DM	500
Greece	Dra	14 000
France	FF	1 400
Ireland (1)	IRL	145
Italy	LIT	278 000
Netherlands (2)	FL	540
United Kingdom	£	120

(1) Until 30 June this year Ireland can exclude goods of a unit value exceeding IRL 53.

(2) The Benelux countries grant an extra allowance of Bfr/Lfr 12 200 (FL 700) for travellers within Benelux.

N.B. Some Member States reduce the allowance for children under 15 (Belgium/Luxembourg: Bfrs/Lfr 2 700; Greece Dra 4 000; France: FF 400; Ireland: IRL 41; Italy: LIT 80 000).

Animals and plants

Travellers should find out from the embassy or consulate of the countries they are intending to visit what rules apply to their bringing in animals or plants.

National animal and plant health regulations vary depending on the country and species concerned.

The following rules, for instance, are in force for cats and dogs:

- Benelux, Denmark, France and Italy simply require a certificate of vaccination against rabies.
- Germany and Greece also require a health certificate.
- Ireland and the U.K. require an import licence, and impose six months quarantine.

Social security

Provided they are covered by their own social security arrangements, travellers are now entitled in an emergency to care under the national health services in other Member States. All they need to do before setting out is to get an E III A or E III B form from the relevant office.

Community national travelling in another member State can then get the emergency care they need - medical or dental treatment, drugs or hospital care - on the same terms as nationals of the country in question.

In Germany, Denmark, Ireland, Italy, Greece, the Netherlands and the United Kingdom medical care is provided free of charge by services approved by the insuring bodies.

In Ireland, medicines are also free; elsewhere a prescription charge is made. In Belgium, France and Luxembourg patients normally have to pay some or all fees on the spot and then claim the money back at the set rate from the appropriate insurance organization.

For further particulars, travellers are recommended to study carefully the instructions on the back of form E III.

To sum up: apart from routine identity checks, exchange controls in some countries and formalities attributable to differences in national plant and animal health regulation, the main reasons for the continued existence of border controls are:

- (a) VAT, which is still levied at different rates and in different ways throughout the Community; it is for this reason that Member States' nationals have been accorded the facility of travellers' tax-free allowances.
- (b) Public security measures: crime prevention and detection, the right of asylum, control of terrorism, drug use and trafficking, and the sale and possession of arms, plus legislation on toxic or dangerous substances all of which, despite cooperation and collaboration between the Member States' authorities, still fall within different national jurisdictions.
