

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(92) 887 final

Brussels, 14 May 1992

CUSTOMS AGENTS: ADAPTING THE PROFESSION
TO ADVENT OF THE SINGLE MARKET

COMMISSION COMMUNICATION TO THE COUNCIL, PARLIAMENT AND
THE ECONOMIC AND SOCIAL COMMITTEE

Customs agents: adapting the profession
to the advent of the single market

INTRODUCTION

The abolition of tax frontiers and customs controls on 1 January 1993 will have far-reaching repercussions on economic activity at the Community's internal borders. Although controls and formalities have already been greatly simplified - witness the introduction on 1 January 1988 of the single administrative document and the use of the common nomenclature - the disappearance of the internal frontiers spells the end of all customs controls.

Customs agents are heavily involved in customs controls and customs formalities, acting as intermediaries between the customs and economic operators. Community-wide the industry embraces more than 16 000 firms with 239 000 employees.

On 1 January the abolition of customs formalities at the Community's internal frontiers will ring down the curtain on the profession's intra-Community activities. For many of the firms concerned, even though their work is still expanding to absorb the growth in intra-Community traffic, it is back to the drawing-board to rethink their future beyond the beginning of next year. The advent of the single market will have major repercussions for both employees and employers in the industry. The economies of some Community regions are very much geared to cross-border trade and they will also have to cope with acute retraining problems.

Once customs controls at the internal frontiers have been scrapped import, export and transit formalities will be confined to trade with non-Community countries.

With 1993 on the horizon many firms have already started to diversify, spurred on by the gradual emergence in the last few years of simplified clearance procedures and inland clearance centres, and have broadened their work to encompass international trade. More than a few of them have branched out to take on freight forwarding.

Although the process of adjusting to the single market has been under way for some years now it still has a long way to go and concerns only part of the industry. The industry is made up of a large number of small and medium-sized firms whose scope for diversifying effectively is limited by their legal status, location or size. Some Member States have given them a monopoly over the kind of work they do, but the other side of the coin is that they are barred from doing other work. Many are located in frontier areas in the grips of dire economic problems and the fact that many of them are small businesses means that their scope for branching out into other fields is limited.

The economic and social impact of the single market on the industry and on certain regions will be enormous. The audit exercise set in train by the Commission last year in all twelve Member States puts the turnover of the customs and tax work that is on the verge of disappearing at around ECU 6 billion. More than 60 000 jobs are thought likely to go.

It is primarily up to the Member States, the regions affected and the profession itself to take all the social and economic measures they deem appropriate.

Given the customs agents' exceptional circumstances many Member States feel that they warrant special treatment. Many of the firms, particularly those doing customs work exclusively, no longer have any real prospects beyond 1993 yet they must still go about their business until the end of this year.

In view of this exceptional situation, and given the requests lodged by the Member States and the European Parliament, the Commission feels that urgent Community back-up measures to help customs agents are called for.

Above all there will be scope for Community action through the structural funds.

The purpose of this communication is to present to the Council, Parliament and the Economic and Social Committee guidelines for dealing with this situation and details of the measures that the Commission proposes taking to complement those espoused by all the parties concerned.

The Community back-up measures stem from the audit carried out in the Member States last year and early this year at the instigation of the profession and the Commission.

The twelve national reports drawn up contain all the relevant facts and figures depicting the customs agents' predicament.

The audit takes stock of the situation in each Member State and puts forward recommendations. The Commission feels that urgent action is necessary via the structural funds. Both Interreg and the European Social Fund allow for measures that would get to grips with the needs that have arisen.

The Member States should set about identifying their priority projects to help the profession so that the agents can benefit from the Community assistance available in good time.

The Commission will urgently implement the measures for this sector provided for under budget heading B.3 4010 "Labour market" which was increased by Parliament in 1992 to help that sector in particular. The Commission has allocated ECU 30 million to a special heading in the 1993 preliminary draft budget to cover retraining measures which are not eligible for help from the structural funds but which will be necessary in the worst-hit border areas.

Before the end of July the Commission will present a new communication to the Council and Parliament taking stock of all the measures planned for 1993 by individual Member States and the Community to help customs agents. It will be accompanied by a legislative proposal concerning measures not eligible for assistance from the structural funds.

I. BACKGROUND TO THE PROFESSION

I.1. Main features

The customs controls and border formalities carried out hitherto at the internal frontiers have to do with taxes in the main: VAT formalities account for nearly 90% of customs clearance work. The customs also ensures that transactions comply with the importing country's rules and regulations on matters such as safety, public health, licences and quotas. The customs also has a role to play in operations involving agricultural levies and refunds.

Customs agents are specialist intermediaries between the customs and those engaged in international trade; they carry out all the formalities relating to goods clearance either in their own name or on behalf of third parties.

The customs agents pay the customs duties, taxes and other contributions. They are financially responsible for the operations they carry out on behalf of their clients.

In their financial capacity they provide a guarantee to the national exchequer that VAT is collected.

As specialists in customs clearance they help to ensure that the various customs, tax, health and veterinary regulations are properly applied.

Customs agents also act as advisers to small and medium-sized businesses. Many economic operators value their services when faced with a minefield of rules and regulations.

The agents have also long been appreciated by the customs administrations for the help they afford.

The audit carried out in the twelve Member States shows that customs agents play a substantial role in intra-Community operations, although the picture varies from country to country: 52% in Germany, 57% in the United Kingdom, 71% in France and 74% in Italy.

The freight forwarding sector comprises 16 250 firms and 239 000 customs agents. There are significant variations Community-wide and within individual countries for historical reasons to do with trade flows, cross-border traffic and local circumstances.

In addition to the many specialized small firms, the industry encompasses larger companies with more varied activities involving not only customs clearance but also transport and activities relating to international trade. This is true of all Member States, apart from Greece and Portugal where the rules governing the customs professions make them incompatible with other jobs.

In many Member States frontier customs agents, be they small independent firms or large companies, concentrate almost exclusively on customs clearance. This is why the impending disappearance of all border formalities on 1 January next makes them so vulnerable.

1.2. Characteristics of the persons affected

The audit examined more than 3 000 individual cases throughout the Community in order to get a clear picture of the main characteristics of the persons affected.

- **they are "mature" rather than "young"**

A country-by-country comparison of age profiles shows that the average age of in the profession is around the 35 mark but in some countries, e.g. the United Kingdom, Ireland and Denmark, it tends towards 30. Those over 50 years of age never account for more than 20% of the total, except in Italy. Sometimes the figure is even below 10%, for instance in the United Kingdom, Denmark and Ireland.

In Italy, Greece and Germany at least 45% of customs agents are aged 40 or older.

Whilst the industry's employees are relatively speaking on the young side, average length of service across Europe is fifteen years and in some countries it is as high as eighteen years.

- **they were trained on the job**

Most staff entered the profession at 17 or sometimes 15 years of age with very little basic training.

Those with university education top 30% in the Netherlands, Denmark and Luxembourg, but as a rule the figure is at or below 10%.

- **they have strong ties with their local area**

Data on the importance for staff of ties with the area in which they work, particularly in the shape of family ties, leisure pursuits or quite simply a fondness for the region itself, reveal a high degree of attachment to the region. This pattern is repeated throughout the Community.

- **they are not very much inclined to move**

Throughout the Community customs personnel belonging to the international forwarding profession are a very sedentary group of people geographically and professionally speaking. With few exceptions they do not seem to be all that mobile. Except in Luxembourg, Spain and Belgium more than 60% of those interviewed said they would be reluctant to work elsewhere.

- **they are not very adaptable**

Although most customs agents could not envisage changing their job the figures were not as high as they once were.

If assessed uniformly on the basis of their attitude to their work, their awareness of problems facing the profession and whether or not they have plans for their future, their adaptability would seem to be low or even very low in 60% of all cases. The presence in the sample of profiles attesting for example to accounting, bookkeeping or secretarial skills helps to give a more rounded overall picture for if we isolated the many agents who are extremely specialized things would look quite different.

1.3. Representative bodies

The industry has a well-established presence at European level, being represented by two bodies:

- CLECAT, the European Liaison Committee of Common Market Forwarders, which covers not only customs agents in the narrow sense but also air, sea and inland freight forwarding companies and represents the national federations of all the EC Member States and the EFTA countries;
- the International Confederation of Customs Agents, representing independent customs agents from southern Europe plus agents and forwarders from Ireland and a number of Latin American countries.

The Community has had constructive relations with these organizations for many years.

Contacts have also been established with the European Trades Union Confederation, which represents the industry's employees at Community level.

II. SOCIO-ECONOMIC CONSEQUENCES OF THE SINGLE MARKET

As conditions for exercising the profession of customs agent in the various Community countries are so disparate and as there are no overall statistics it is difficult if not impossible to get a clear picture of the likely impact of the single market on the profession after 1 January.

That being so, the Commission launched a study in 1991 financed by the European Social Fund via the European Liaison Committee of Common Market Forwarders. The study was given to an outside consultant and was designed to take stock of the situation in each Member State. Twelve national reports were compiled for the Member States, plus a general summary report at Community level.

11.1. The audit

1.1. Aims

The purpose of audit was to assess the economic and social repercussions of the abolition of intra-Community customs operations on firms whose activities consist wholly or partly of carrying out such work for third parties.

Another aim was to get to know customs agents so as to pave the way for their possible redeployment.

The audit also had to give rise to microeconomic and macroeconomic proposals to help devise schemes or back-up measures aimed at minimizing any adverse social effects of the single market.

1.2 Representative samples

As urgent action was required it was decided to carry out a survey of a sample of firms that were representative of the profession in each of the twelve countries concerned.

To obtain relevant data in a field as sensitive as this one it was decided to conduct face-to-face interviews not only with the managers but also with a representative sample of the employees affected.

Visits were made to 992 firms in all and 2 895 people were interviewed.

The samples represented between 15 and 30% of the profession depending on the country. The firms were chosen according to their size, the nature of their work and their location in order to cover the whole gamut of combinations.

1.3. Country reports and a European summary report

As the intention was to obtain data that could be consolidated at European level, while at the same time highlighting the peculiar features of each country that would have an important bearing on the success of any retraining programme, it was decided to compile two types of report:

- a country report for each Member State focusing on the peculiarities of that country in addition to presenting figures collected in keeping with a common European approach;
- a Community report which would consolidate the data gathered in the twelve Member States, adjusting their specific data on the basis of the table of comparison and analysing the differences between the countries and the main points they had in common.

11.2. Evaluation of the socio-economic impact on the profession

The evaluation is based on two types of data: information gathered by the consultants on the basis of the representative samples identified with the profession and the official figures on the profession as a whole in a given country.

The following extrapolations have been made:

2.1. Lost turnover

It was only possible to establish the turnover connected with intra-Community customs operations in a homogeneous way in all countries.

The gross annual turnover amounted to ECU 5 694 million for the Community as a whole, broken down as follows:

Member State	
B	784
DK	115
D	668
EL	203
E	884
F	1068
IRL	49
I	1028
LUX	45
NL	124
P	433
UK	293

These figures reflect direct losses that will occur from 1 January 1993 and take no account of any indirect losses connected with related activities or of any loss of assets such as premises, buildings, equipment and vehicle fleets.

2.2. Job losses

Relevant data were collected on the basis of social parameters that varied from one country to the next for the individuals concerned:

- * transfer to another area or job
- * early retirement
- * redundancy
- * loss of activity in the case of independent agents.

The study forecasts that 63 100 jobs out of a total of 239 000 will go (around 25%). That proportion is considerably higher in certain hard-hit areas where job losses could be much steeper.

The breakdown by country is as follows:

B	4200
DK	1100
D	6300
EL	6400
E	7400
F	15200
IRL	1100
I	9200
LUX	300
NL	2800
P	5800
UK	3300

2.3. Cost of redundancies or voluntary departures

Although labour law differs widely from country to country (redundancy payments are non-existent in some countries and in some cases the concept of redundancy itself is absent from the law), the study sought to assess the theoretical extra cost to firms of having to shed some or all of their employees.

On the basis of legislation and practice in the Member States and taking account of average earnings and length of service, the cost has been put at ECU 929 million for the Community as a whole.

2.4. Observations

The above figures are estimates based on extrapolations which should on no account be seen as firm forecasts for 1993, particularly as regards job losses and the costs of redundancies or voluntary departures.

Aside from the figures that often paint too uniform a picture of different situations, the study highlights the particular context of certain areas.

2.4.1. Variable effects depending on the point of impact

There are four large "families" of customs agents in the Community. The impact next January of the single market on each one will differ. In the best scenario only the occasional formality (a procedure) carried out on behalf of a customer will disappear.

The other effects, by increasing degree of seriousness, are:

- * disappearance of a substantial activity (loss of profit);
- * disappearance of a specific post in the company;
- * unemployment or redundancy for a specific employee.

Clearly a firm's room for manoeuvre will be more limited where the impact is more precise.

2.4.2. Uneven retraining prospects

The situation will be particularly difficult for firms liable to lose more than 70% to 80% of their business.

Other firms' prospects will largely hinge on their size and their capacity to cushion the initial shock and the first wave of losses and also on whether their related activities remain sufficiently profitable.

But there, too, things will not be at all easy for those firms who find themselves in an unpromising or even prohibitive local economic context such as being located on an artificial site outside the main trading areas.

11.3 Retraining costs

Against a backdrop of disparate labour laws and unequal access to retraining schemes, which are themselves uneven in quality and even non-existent in many Community countries, a uniform method of calculation has been used so that the cost of retraining the persons affected could be worked out. The method ignores institutional or statutory peculiarities of the different countries but does take account of factors such as living standards and specific features of the profession.

Assuming a specific retraining period for each category, the study established the overall cost and the average individual retraining cost per country, the overall cost for the Community being calculated at:

ECU 1 400 million

In-depth studies carried out throughout the Community and in firms representative of the sector show that the requisite social back-up measures should involve complementary action at regional, national and Community level:

Priority could be given to two broad categories of action:

(a) Preventive measures:

- * drawing up personal profiles of individuals seeking advice on what to do next.
- * helping weakend but viable firms save all or some jobs: this could take the form of advice on strategic planning, company productivity and the forecasting of staffing requirements and capacities.
- * giving particular help in places where the entire local economy has hitherto been geared to customs activity.

(b) Curative measures:

The establishment for those made redundant of a social plan founded on the three standard forms of assistance:

- Help for occupational retraining;
- Training;
- Early retirement and financial help for a suitable period.

III. MEASURES PREPARED BY THE MEMBER STATES

At the end of April this year, the sector's readiness for 1 January next year differed greatly from one Member State to another.

In some Member States comprehensive consultations between the government and the sectors concerned have already started. These countries have recognized the need for an economic and/or social approach to the problems confronting the business.

Elsewhere, the magnitude of the coming change is only just beginning to dawn on the sector as well as the authorities.

The scale of the measures to be taken varies greatly from one Member State to another and is determined primarily by a country's specific circumstances. This emerges clearly from the Community-wide audit. Appreciable differences in the sector's role in intra-Community trade from Member State to Member State are reflected in the impact of abolition of internal frontiers.

Similarly, the legal, and therefore the social and economic conditions applicable to the practice of this profession also differ markedly from one Member State to another. The problems to be resolved call for distinct solutions.

Where there are ongoing consultations between the various parties concerned, a wide range of options for social and economic measures to accompany the adjustment of this profession have been examined. Discussion has focused on the following types of measures:

(a) Social measures:

- (i) Age-related measures: early retirement, dispensation from working: the measures planned may in part derogate from the legislation applicable to take account of the age structure and years of service.
- (ii) Retraining: training courses with guaranteed payment, lasting for 6 to 18 months, depending on the degree of specialization to be promoted and the skills possessed.
- (iii) Compensation for loss of earnings: This should encourage people to take up new employment by offsetting any discrepancy between their previous and present salaries.
- (iv) Relocation assistance: The aim is to make it as easy as possible to find new employment.
- (v) The setting-up of redeployment units (drawing-up of career profiles, preparation of reinsertion strategies, technical assistance for job-hunting).

(b) Economic measures:

- (i) A variety of tax measures aimed, for example, at enabling firms to write redundancy payments off against tax.

- (ii) Measures to relieve the financial burden on these firms resulting from the discharge of their responsibilities, by, for example, scheduling the payment of the last month's VAT over a longer period.
- (iii) Aid to the worst-hit firms and frontier areas, with support for economic relaunch projects, most of the cost of which will be borne by the Member States and regions concerned and by the sector itself.

The range of measures associated with the social plans put forward by the sector's employers and employees represents a considerable cost to the budget. No Member State has yet adopted detailed financial provisions.

IV. COMMUNITY BACK-UP MEASURES

The Commission feels that the principle of subsidiarity prevents the Community from assuming the responsibilities of the Member States or the sector concerned in this matter.

The abolition of customs formalities at the Community's internal frontiers is a direct consequence of the completion of the internal market decided under the Single European Act, which entered into force in 1987. Following the publication of the whole body of Community legislation relating to the abolition of customs and fiscal controls at internal frontiers with effect from 1 January 1993, it is up to each Member State to take all measures necessary to implement both the abolition of fiscal frontiers and the Community law subsequently applicable.

However, as Mrs Scrivener, speaking for the Commission, has told Parliament on several occasions over the last six months, the Community is ready to contribute constructively to the efforts made. At stake is the effective opening of frontiers at the end of the year; the position of the profession concerned is of an exceptional nature bound up with its very raison d'être.

In these circumstances, the Commission sees as a Community plan to help customs agents adjust to the internal market as justified and necessary. In view of its pressing nature and the danger of crisis, this plan, which will run this year and next, must be drawn up and implemented very quickly. This requires the Commission and the Member States concerned to coordinate their procedures very closely.

In the Community plan, the lead will be taken by the structural Funds, particularly in the shape of INTERREG and the European Social Fund.

The Commission is of the opinion that substantial resources may be made available through the Funds. The Commission has started to identify, in concertation with the Member States, the types of measures which could be co-financed by the Funds from, within existing, financial allocations.

In view, in particular, of the disparate situations in the Member States, it would seem constructive for the Commission to supplement aid from the structural Funds with ad hoc measures aimed at tackling problems faced by certain frontier areas as the internal market nears. This is why the Commission has decided to insert a heading for this specific purpose in the 1993 preliminary draft budget.

1. The European Social Fund

Context of the measures planned

1.1. The European Social Fund can already finance vocational training for people facing unemployment, as is now the case of customs agents, in the underdeveloped regions and areas of the Community listed in Objectives 1, 2 and 5(b). Examination of the scope currently offered by the Community support frameworks and operational programmes shows that the Member States may insert projects aimed at providing vocational training for customs agents in the operational programmes that the Commission has already approved. This may lead to the amendment of the Community support frameworks and operational programmes according to the rules in force, without changing the existing financial envelopes.

1.2 To supplement these measures in other regions of the Community, the Commission has made use of the scope offered by the first indent of Article 2(a) of the ESF implementing Regulation, (EEC) No 4255/88, which stipulates that the Commission may in special cases reduce the twelve-month period that defines long-term unemployment. Customs agents constitute such a case, given that the loss of their jobs is related directly to Community policy, that it is a result of administrative action and that the staff concerned are in a way "obliged" to work until 31 December, the deadline for the abolition of internal frontiers.

The ESF will therefore be able to help customs agents and forwarders throughout the Community from 1 January next year, since they will then be classified as long-term unemployed (Objective 3 of the reform of the structural Funds).

1.3 To simplify procedures, the Commission is asking Member States, where possible, to use the Objective 1 CSF in the regions concerned and the Objective 3 CSF elsewhere. In the first instance, aid may begin immediately, subject to the availability of funds in the financial packages for the CSFs concerned, whereas in the second it will have to wait until 1 January next year. However, there is nothing to prevent measures being prepared in advance. The Objective 3 CSFs for the 1993 budget year must be drawn up as quickly as possible. When the Commission outlined to the Member States at the European Social Fund Committee meeting of 10 April how the problem of customs agents was to be tackled, there were no objections to the ideas put forward.

Type of operations planned

1.4 The operations eligible for ESF support relate to training, job creation or other specific measures:

(a) Training

In principle, all training schemes are eligible. In this way, the ESF could be used to fund training courses in any sector and in any job, with the emphasis being on jobs involving new technologies such as computing.

(b) Job creation

This aid, which is aimed at creating jobs, be they self-employed or salaried, on condition that they be new and additional, should meet some of the sector's adjustment needs. It takes the form of a weekly payment equalling 30% of average industrial wages for workers in each Member State. It may be granted for a period of no more than 52 weeks.

(c) Ad hoc measures

These may include the funding of innovative projects, studies, the monitoring and assessment of ESF aid and vocational guidance for the long-term unemployed.

1.5 Only public spending (that is spending by authorities in the Member States) or spending classified as such is generally taken into account when the Community contribution is being calculated. This contribution averages 65% of public spending in Objective 1 regions and 45% elsewhere, but the ceilings are 75% and 50% respectively.

1.6 Procedures for obtaining aid rest on the drawing-up of training and job-creation schemes by public- or private-sector promoters. Schemes are then included by the Member States in the operational programmes that the Commission approves on the basis of the CSFs. The Objective 3 CSFs, for the 1993 financial year are to be established this year.

1.7 The Commission would therefore emphasise to Member States the pressing nature of the problems faced by customs agents as the internal market nears completion. The ESF can play a major role in the reorientation of customs agencies and their staff towards more promising areas of business through funding for vocational training and job creation. It is therefore a matter of some urgency that the Member States draw up the requisite schemes.

2. INTERREG

2.1 The Commission has identified four specific types of solution that may be financed under INTERREG:

- the restructuring of the firms concerned;
- the training and reorganization of their staff;
- the conversion and refitting of goods handling sites at frontiers;
- the creation of replacement jobs.

The measures eligible include support for SME, tourism, transport, environmental protection, job creation and training, farming and rural development, particularly for the unemployed or those affected directly or indirectly by the changes in frontier business caused by the establishment of the internal market.

Priority is given to Member States' projects with a truly cross-border aspect, to projects involving local or regional government and projects likely to open up new employment opportunities in frontier areas where completion of the single market will bring serious job losses.

2.2 The Member States have submitted 31 proposals for INTERREG operational programmes, 25 of which had been approved by 30 April. Most of the remaining programmes could be signed in May, the progress of negotiations with the Member States permitting. The financial package, which has already been broken down by programme is worth ECU 971 million at last year's prices.

2.3 The Venlo/Krefeld training project is typical of INTERREG operations in this sector. It has worked well and received ECU 210 000 from the ERDF under Article 10 of the ERDF Regulation. Located on the Dutch-German border, its scope has subsequently been extended to cover job creation primarily in the transport and distribution sectors. The project is run by the Venlo Chamber of Commerce and cofinanced by government and the firms concerned.

2.4 INTERREG is already being used to provide aid for operations aimed at customs agents, in particular:

- * ECU 1.1 million has been granted to the Benelux Middengebied (on the border between Belgium and the Netherlands) for the refitting of the Maar-Hazeldonk transport zone;
- * Another scheme has been designed by France and Italy for Alpine regions: it is aimed at mitigating some effects of the opening of frontiers. The subprogramme is expected to cost ECU 13.5 million, of which the Community has been asked to provide ECU 5.4 million.
- * France and Spain have together devised a scheme specially for areas on their common border.

2.5 The Commission would point out that the regions eligible include all those on the Community's borders covered by Objectives 1, 2 and 5(b), as defined by NUTS III. Regions not covered by these Objectives may also be eligible for assistance under Article 10 of Regulation (EEC) No 4254/88 and Article 1(2) of Regulation (EEC) No 4255/88 (ERDF and ESF Regulations).

2.6 It is for the Member States to break new ground and draw up programmes. Some countries particularly hard hit - France, Italy, Spain and Belgium - are already using INTERREG to tackle this problem.

However, the Commission feels that more could be done in this context.

Mrs Scrivener and Mr Millan have therefore written to the Member States to draw their particular attention to the scope offered by INTERREG and to press for details of the measures under way or planned by the Member States in this context. The INTERREG monitoring committees seem the best concertation structure for launching and exploiting new initiatives.

Many monitoring committees have still to meet. The meetings will enable priorities to be established.

3. Ad hoc measures outside the structural Funds

Special budgetary measures

3.1 In view of the special circumstances encountered and the rules of the structural Funds, the Commission believes that ad hoc measures are needed to supplement the back-up measures outlined above, particularly in the light of the principles of economic and social cohesion.

3.2 This year the Commission can for the first time finance operations using budget heading B3-4010 intended for social dialogue and employment, far-sightedly increased by Parliament with a view, in particular, to countering the difficulties evoked by customs agents regarding their job prospects. These operations will begin immediately and, within the budget of ECU 2 million available, permit careers profiles to be drawn up for people facing unemployment.

As regards other ad hoc measures that may be necessary this year, the Commission will make the requisite proposals for the release of budget resources before the end of July.

3.3 For the 1993 financial year, the Commission has included in the preliminary draft budget a one-off budget heading aimed particularly at resolving economic and social problems falling outside the scope of the structural Funds. The aim would be to complement the Member States' efforts to help the sector's worst-hit workers and firms, especially SME in areas, particularly frontier areas, where the economic and social impact is greatest.

The procedures for these operations will be drafted in the light of the measures to be taken by the Member States.

Taking account of the initial audit of these measures to be carried out shortly, and in the light of the detailed data on the geographical dispersion of the firms most threatened, the Commission will before the end of July propose legislation on ad hoc projects falling outside the scope of the structural Funds to be carried out next year.

Consultation, information and coordination

If customs agents are to be properly prepared for the deadline of 1 January next year, it is vital that a special consultation, information and coordination effort be undertaken without delay. Failure to do so by any of the Member States could have serious repercussions on the more general preparations for the completion of the internal market.

In the matter of consultation, the Commission has since last autumn been laying the foundations for a Community-level dialogue with the representatives of both employers and workers in the sector. It is important that this dialogue should continue and consultations in the Member States actively engaged or continued.

Such consultations will in particular help promote all public- (national, regional or local) or private-sector projects aimed at:

- pooling experience;
- developing new aptitudes;
- acquiring new know-how;
- innovating.

More information is needed for both employers and workers in the sector and the authorities regarding the new tax rules applicable to intra-Community trade after 1 January next year and on the measures adopted to ease the adjustment of customs agents to the new set-up.

The Commission will circulate as much information as possible, in whichever form is most appropriate, to the Member States and both sides of industry. Attention will be focused on the regions considered to be most severely affected.

Lastly, the Commission has asked Mrs Scrivener, who has particular responsibility for taxation and customs, to take charge of the necessary coordination in liaison and in agreement with other Members of the Commission responsible for various aspects of the operation under way.

Since, in the Member States, this matter is rarely the province of a single ministerial department, each Member State should without delay appoint a senior official to act as coordinator and liaise with the Commission.

The Commission sees these measures as prerequisites, if constructive measures are to be taken to prepare the sector of customs agents for the deadline of 1 January 1993.

Financial statement

Item:

Article:

Appropriations authorized 1992		Appropriations requested 1993		% Variation	
Commitments	Payments	Commitments	Payments	Comm.	Paym.
1	2	3	4	5	6
ECU 2 m	2	ECU 30 m	30		

1. TITLE OF OPERATION

Ad hoc measures for customs agents

2. BUDGET HEADINGS INVOLVED

B3-4010: 1992

B3-4015: 1993 (to be established)

3. LEGAL BASIS

1993 financing: legislative proposal presented by the end of July 1992

4. DESCRIPTION OF OPERATION

4.1 Background and specific objectives of operation

- This proposal for Community back-up measures for operations drawn up and adopted by Member States is intended to support moves to ease the adjustment to the internal market of customs agents, who will lose overnight their role in intra-Community trade when the internal market is completed. The measures must therefore be implemented with great urgency. They will apply this year and, above all, next.
- The structural Funds are contributing to this plan through the INTERREG initiative and the European Social Fund.
- It is planned that headings B3-4010 (this year) and B3-4015 (next) will be used to implement a series of measures to supplement priority action by Member States in the worst-hit areas.

4.2 Duration

B3-4010: 1992
B3-4015: 1993

4.3 Target population

Customs agents and their staff

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Compulsory/Non-compulsory

5.2 Differentiated/Non-differentiated

5.3 Type of revenue involved

6. TYPE OF EXPENDITURE OR REVENUE

- B3-4010: financing the opening stage, in which stock will be taken of individual situations
- B3-4015: cofinancing with other public- or private-sector sources on the basis of priorities established with the Member States

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

- B3-4010: ECU 2 million:
ECU 32 x 63 000¹ = ECU 2 million

- B3-4015: ECU 30 million:
The total contribution planned equals 3% of average Community annual net earnings of ECU 16 000 multiplied by the number of people on the payroll:
ECU 16 000 x 3/100 x 63 000 = ECU 30 million

1 63 000 jobs are expected to go by the end of this year.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Objectives

Temporary Community back-up measures in support of Member States' operations to retrain customs agents' employees following the abolition of customs and tax controls at the Community's internal frontiers.

9.2 Grounds for the operation

9.2.1 Cost

B3-4010: ECU 2 million (ECU 32 per job threatened)

B3-4015: ECU 30 million (ECU 800 per job threatened)

Involvement in operations aimed at retraining those facing unemployment or restructuring firms facing particularly severe difficulties. The operations will be strengthened in areas recognized in association with the Member States as being particularly hard-hit and considered absolute priorities.

9.2.2 Spin-off effect

Dismantling of controls

Regional conversion of the worst-hit areas, where economic activity is closely bound up with frontier activities.

9.2.3 Multiplier effect (ability to mobilize other sources of finance)

9.3 Monitoring and evaluation of the operation

9.3.1 Performance indicators selected

Number of conversions; creation of alternative activities

9.3.2 Details and frequency of planned evaluation

To be defined in the proposed legislation.