

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

on the application of transitional tariff measures
as a result of German unification

1. INTRODUCTION

In the wake of German unification in 1990 transitional tariff measures were introduced for imports into the five new Bundesländer to provisionally maintain trade between the former GDR and its Comecon partners covered by a number of trade agreements to allow time for economic restructuring. Council Regulation (EEC) No 3568/90 and Decision No 3788/90/ECSC authorized Germany to maintain, for the five new Bundesländer, the preferential tariff arrangements for Central and Eastern European countries which made up the former Comecon from 3 October 1990 to 31 December 1992. These measures were intended to ensure that businesses which had formed part of the economic trading system in Central and Eastern Europe until 1989 were not suddenly deprived of supplies of raw materials or semi-finished products. The Commission published a communication (OJ No C 151 of 10 June 1991) listing the products and quantities concerned. This list still applies.

In November 1992 the German authorities requested that these measures be extended to cover 1993 and 1994. The Commission and the Council reacted favourably to this request as it was clear that the process of restructuring embarked upon had not yet been completed. However, owing to common market organization imperatives in the fruit and vegetable sectors (Chapters 7, 8 and 20 of the Common Customs Tariff) the Council endorsed the Commission's proposal to exclude these agricultural products from the arrangements. With the completion of the single market on 1 January 1993 such regional tariff measures were difficult to reconcile with the new political environment. Nevertheless the arrangements were extended for one year only (1993) by Regulation (EEC) No 1343/93 and Decision No 1535/93/ECSC.

In November 1993 the German authorities made a second request for the arrangements to be extended for two years pending the establishment of a free trade area with Central and Eastern European countries. The Commission presented a proposal to the Council in January to extend these measures for one year only but to exclude agricultural products (see [EC] Regulation n° 665/94).

Regulation (EEC) No 1343/93 requires the Commission to present a report to the Council and Parliament, including statistics, on the operation of the arrangements. The first report had been based on the study undertaken by the German Ministry of Foreign Affairs (Die Anwendung der zolltariflichen Übergangsmassnahmen des Europäischen Union im Beitrittsgebiet, 25 October 1993) and on the traditional own resources inspection reports on the visit made to Germany, on the basis of Article 18, paragraph 3 of Regulation 1522/89, from 13 to 17 September last year.

II. HOW THE SYSTEM IS WORKING

It will be seen from the brief description of the arrangements below that the customs control procedures used are fairly rigorous. The conditions governing eligibility are as follows:

- (a) the goods must be released for free circulation in the new Bundesländer;
- (b) the goods must be covered by agreements between the former German Democratic Republic and its former Comecon partners, a list of which is appended to Regulation (EEC) No 3568/90 (all the products concerned are published in OJ No C 151 of 10 June 1991);
- (c) the goods must be consumed in the new Länder or undergo working or processing confirming origin in the Community territory;
- (d) specific authorizations issued under end-use customs legislation by the Ministry of Economic Affairs or Agriculture must be submitted to enable the goods to be cleared.

It should be noted that the measures:

- (a) do not obviate the need to comply with specific agricultural legislation (e.g. on agricultural levies, reference or minimum prices);

- (b) apply only to customs or anti-dumping duties and do not allow any exemptions to common commercial policy measures such as Community quantitative import restrictions.

On-the-spot checks within traditional "own resources" inspections have shown that a substantial proportion of these imports (nearly 80%) concern large businesses and steel (headings 7207, 7208, 7210 and 7213 of the CCT from the former Czech and Slovak Federal Republic and Poland) and tractors (heading 8701 from the CIS).

One final comment that should be made is that, as a result of the scrupulous way in which the German authorities supervise the presence of the goods and administer these arrangements, some of the customs offices concerned have been under some pressure.

No shortcomings in the application of these arrangements by the German authorities in question nor any fraud were detected in own resource inspections undertaken by the Commission from 10 to 14 June 1991 and 13 to 17 September 1993. There were simply a few minor instances where procedures appeared to break down. One example is the failure of importers wishing to sell products imported under end-use arrangements to notify the authorities responsible for monitoring application of these arrangements of the disposal of goods. This enables them to trace goods imported under bilateral arrangements right up to the point of retail sale.

Inspections were carried out in 1991 at the Bundesamt für Wirtschaft (BAW) in Berlin and customs offices in Magdeburg and Rostock. Visits were made to customs offices in Dresden, Leipzig and Magdeburg in 1993 when it was found that the German inspection services had performed a documentary check and an on-the-spot check of all imports, either at importers' premises or at the final destination documents relating to the end-use of goods imported were checked in all cases. This represents a marked improvement compared to 1991.

III. STATISTICS

A number of conclusions can be drawn from a statistical analysis of these trade flows now that the arrangements have been in place for three years:

- (a) import trade between the new Bundesländer and Central and Eastern Europe is insignificant: compared with a potential theoretical annual total of DM 26 191.7 million in eligible imports actual imports, whether covered or not by bilateral arrangements, totalled DM 6 663 million in 1991 and DM 4 671 million in 1992 (last year in which full statistics were available) or 25.4% and 17.8% respectively of theoretical concessions. Imports which were actually covered by bilateral arrangements amounted to DM 472 million in 1991, DM 786.9 million in 1992 and DM 447.4 million in the first half of 1993 (1.8%, 3% and 3.4% of theoretical concessions). Imports covered by bilateral arrangements accounted for 7.1% of total imports in 1991 and 16.8% in 1992 (statistics for 1993 were not available).
- (b) A large proportion of imports covered by the bilateral arrangements is accounted for by steel products: imports of iron, pig iron and steel (Chapters 72 and 73 of the Combined Nomenclature) amounted to DM 375.8 million in 1992 and DM 254.2 million in the first half of 1993 (47.7% and 56.8% of total imports actually benefiting from the arrangements). If we add other metals (Chapters 74 to 81 of the Combined Nomenclature), imports of which amounted to DM 186.4 million in 1992 and DM 39.7 million in the first half of 1993, we can see that two-thirds of the imports in 1992 and the first half of 1993 under the arrangements were metals.

It is interesting to note that imports of iron, pig iron and steel from the former Soviet Union and the former Czech and Slovak Federal Republic alone account for 40% of all imports in 1992 covered by the arrangements; this figure was as high as 49.5% in the first half of 1993 (28.3% in the case of the former Soviet Union and 21.2% in that of the former Czech and Slovak Federal Republic). It should also be

pointed out that these products made up the greater part of total imports: in 1992 DM 375.8 million of such products were imported under these arrangements, equivalent to 81.1% or DM 463 million in total imports in the steel sector.

- (c) Agricultural imports, on the other hand, accounted for a very small proportion of concessions: DM 59.1 million in 1992 and DM two million in the first half of 1993 (as products in Chapters 7, 8 and 20 of the CCT were excluded in 1993). These accounted for 7.5% of imports covered by the arrangements in 1992 and 0.4% in the first half of 1993.

The restrictions introduced on 1 January last year on agricultural products excluded such products from the arrangements from that date.

The statistics gathered by the German authorities are appended.

IV. A CHANGING ENVIRONMENT

There was a significant shift in political and trade relations between the Community and Central and Eastern Europe last year as a result of two separate decisions which have rendered the transitional tariff arrangements of less importance:

- (a) firstly, the decision taken by the Council in Copenhagen on 22 June last year to provide greater access to the Community market by speeding up the establishment of a free trade zone between the Community and associated Central and Eastern European countries by two years. This will mean that industrial products from Central Europe, with the exception of textiles and ECSC products, will have access to the Community's internal market without being subject to any tariff barrier from 1 January 1995. By the same token tariff quotas were abolished from 1 December 1993 for certain types of Hungarian, Bulgarian and Romanian wine under the Europe/interim-agreements concluded between the Community and these countries.

(b) Secondly, the introduction of tariff quotas for Czech and Slovak steel products was given political expression by Decision No 1/93 of 21 May 1993 of the EC/(former) Czechoslovakia Joint Committee. As was explained earlier, these cover products which account for the major share of trade under the bilateral arrangements.

It is impossible at this stage to assess the impact of this decision by the Joint Committee on the bilateral arrangements as it only came into force in the second half of last year, whereas this report is based on statistics up to June of last year.

CONCLUSIONS

The conclusions drawn by the previous report of 18 November 1991 (SEC(91) 2159 final) are still generally valid. Over the three years since they were introduced the arrangements have had little macro-economic impact. They do not appear to have led to any distortions of competition between Community firms but have succeeded in reversing the rapid decline in trade between the new Bundesländer and Eastern and Central Europe.

Despite a few isolated problems which will be examined by the relevant institutions, primarily the Commission, it should be said that the German authorities, and in particular the German customs authorities, have been extremely scrupulous in monitoring the implementation of these arrangements, the political importance of which has obviously not escaped them.

ANNEX

Statistics provided by the German authorities

Übersicht über die Anträge auf zollfreie Einfuhr gemäß VO (EWG) 3568/90(1)

und Entscheidung (EGKS) 3788/90(2) für das Jahr 1993

Stand: 30. 05. 1993
- in Mio DM -

Warengruppe:	HS-Kapitel	eheu. Jugoslawien		eheu. UdSSR		Polen - 060 -		eheu. CSFR		Ungarn - 064 -		Rumänien - 066 -		Bulgarien - 068 -		Südsee:	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Ernährungswirtschaft	Kap. 01-24		0		0		0		0		0,8		0		1,2		2,0
Mineralische Stoffe	Kap. 25-27		0		0		1,9		0,1		0		0		0		2,0
Chem. Produkte, Kunststoffe, Kautschuk	Kap. 28-40		0		42,7		17,1		14,5		0,2		0		0		74,5
Leder, Reiseartikel, Schuh	Kap. 41-43/64		0		0		0		0		0		0		0		0
Holtz, Kork, Flechtstoffe, Möbel	Kap. 44-47/94		0		0,7		0		0		0		6,3		0		7,0
Papier, Pappe, Druckerezeugnisse	Kap. 48-49		0		0,9		0		0		0		0		0		0,9
Textil, Bekleidung	Kap. 50-63/65/66		0		1,5		1,0		8,8		3,6		0		0		14,9
Steine, Glas, Keramik	Kap. 65-70		0		0		0		0,3		0		0		0		0,3
Eiseng, Stahl, Waren aus Eisen oder Stahl	Kap. 72-73		0		126,9		29,0		95,0		3,3		0		0		254,2
ME-Metalle, Waren aus ME-Metallen	Kap. 74-81		0		37,3		1,3		1,1		0		0		0		39,7
Werkzeuge, Waren aus unedlen Metallen	Kap. 82-83		0		0		0		0		0		0		0		0
Maschinenbau	Kap. 84		0		8,4		0		0		0,1		0		0		8,5
Elektrotechn./elektron. Geräte, Teile	Kap. 85		0		3,1		3,7		0		0		0		0		6,8
Reförderungsmittel	Kap. 86-89		0		22,4		0		0,2		2,7		0		0		25,3
Feinmechanik, Uhren, Optik, Schautaf	Kap. 71/90/91		0		0,2		0		0		0		0		0		0,2
Musikinstrumente, Spielzeug	Kap. 92/95		0		1,1		0		0		0		0		0		1,1
Anderer Waren (nicht zugeordnet)	Kap. 01-95		0		1,7		0		0		8,3		0		0		10,0
G E S A M T :			0		246,9		54,0		120,0		19,0		6,3		1,2		447,4

1) verlängert mit VO (EWG) 1343/93

2) verlängert mit Entscheidung (EGKS) 1535 /93

Beförderungszauber	86 - 89	9,2	50,1	45,1	19,5	0,3	60,8	9,6	29,8	0,2	9,5	0,1	9,5	119,4	53,7		
Feuerzauber, Feuer, Splitz, Schutz	71,90/91	0,2	4,3	2,6	2,3	0,2	6,9	3,1	1,3	0,1	0,1	0,1	1,0	16,1	2,1		
Euliziozauber, Spielzeug	92 - 95	4,5	0,9	7,3	6,4	5,0	0,4	0,4	0,1	0,1	0,1	0,1	0,1	18,7	0,7		
Anderer Zauber (nicht zugeordnet)	01 - 39	763,7	0,2			0,4	0,6	0,1	0,1					764,2	0,7		
Overall		51,6	1,0	2 031,4	489,9	243,7	85,5	655,2	144,3	170,8	16,6	30,4	7,3	16,9	111,1	4 671,0	786,5

Inanspruchnahme der zollfreien Einfuhrmöglichkeiten in das Beitrittsgebiet 1992 nach Ländern

Mögliches Einfuhrvolumen 1) (Warenprotokolle)	- in Mio DM -				
	Einfuhr 2) 01.01.1992 31.12.1992	zollfrei 2) 01.01.1992 31.12.1992	3 zu 2 in %	3 zu 1 in %	
	1	2	3	4	5
ehemalige UdSSR	14.318,5	2.881,4	489,0	17,0	3,4
ehemalige CSFR	2.995,0	653,2	144,8	22,2	4,8
Ungarn	2.162,2	170,8	46,6	27,3	2,2
Polen	3.060,0	843,7	86,5	10,3	2,8
Bulgarien	1.254,0	36,9	11,1	30,1	0,9
Rumänien	1.551,0	30,4	7,3	25,7	0,5
ehemalige SFRJ	851,0	54,6	1,6	2,9	0,2
insgesamt	26.191,7	4.671,0	786,9	16,9	3,0

1) Sowohl im möglichen Einfuhrvolumen nach den Warenprotokollen als auch in der effektiven Einfuhr sind Waren enthalten, die nach dem Gemeinsamen Zolltarif ohnehin zollfrei bzw. die im Rahmen der Allgemeinen Zollpräferenzen und dem Abkommen mit der ehemaligen SFRJ begünstigt sind.

2) Gemäß VO (EWG) Nr. 3569/90 des Rates vom 04.12.1990 und Entscheidung Nr. 3788/90 EKGS der Kommission vom 19.12.1990

Inanspruchnahme der zollfreien Einfuhrmöglichkeiten in das Beitrittsgebiet 1991 nach Ländern

- in Mio DM -

	Mögliches Einführvolumen 1) (Warenprotokolle)	Einfuhr 2) 01.01.1991 31.12.1991	zollfrei 2) 01.01.1991 31.12.1991	3 zu 2 in %	3 zu 1 in %
	1	2	3	4	5
ehemalige UdSSR	14.318,5	4.666,1	300,4	6,4	2,1
ehemalige CSFR	2.995,0	714,9	64,0	9,0	2,1
Ungarn	2.162,2	257,2	28,9	11,2	1,3
Polen	3.060,0	778,0	50,5	6,5	1,7
Bulgarien	1.254,0	37,8	10,6	28,0	0,8
Rumänien	1.551,0	80,6	13,9	17,2	0,9
ehemalige SFRJ	851,0	128,4	3,7	2,9	0,4
insgesamt	26.191,7	6.663,0	472,0	7,1	1,8

) Sowohl im möglichen Einfuhrvolumen nach den Warenprotokollen als auch in der effektiven Einfuhr sind Waren enthalten, die nach dem Gemeinsamen Zolltarif ohnehin zollfrei bzw. die im Rahmen der Allgemeinen Zollpreferenzen und dem Abkommen mit der ehemaligen SFRJ begünstigt sind.

; Gemäß VO (EWG) Nr. 3568/90 des Rates vom 04.12.1990 und Entscheidung Nr. 3788/90 EKGS der Kommission vom 19.12.1990

Gegenüberstellung der Gesamteintrüfen (A) und der zollfreien Einfüren
gemäß VO (EWG) 3568/1) und Entscheidung (EGKS) 3788/90 2) für das Jahr 1991 (B)

- in Mio DM -

Länder:	ehem. Jugoslawien - 048 -		ehem. UdSSR - 056 -		Polen - 060 -		ehem. CSFR - 062 -		Ungarn - 064 -		Rumänien - 066 -		Bulgarien - 068 -		Summe:	
Mögl. Einfuhrvolumen (Warenprotokolle)	851,0		14.318,5		3.050,0		2.995,0		2.162,2		1.551,0		1.254,0		26.191,7	
Hauptwarengruppen	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Nahrungsmittel/ Getränke	0,9	0,1	1,6	0	26,3	4,1	21,8	0,8	26,3	10,3	3,6	0,4	5,4	3,7	85,9	19,4
Sonstige Agrarerzeugnisse	0,4	0	1,0	0	9,5	0	5,5	0	25,3	0	1,1	0	2,8	0	45,7	0
Chemische Erzeugnisse	11,8	0	27,9	10,3	50,2	2,1	61,8	5,5	15,3	0	0,8	0,4	1,2	0	169,0	18,3
Maschinen und Maschinenteile	47,4	2,2	75,6	34,1	62,6	13,1	158,7	12,0	63,8	9,5	21,1	9,9	10,6	0,4	439,8	81,2
Beförderungsmittel	7,9	0	524,9	9,0	30,0	2,0	140,9	7,0	34,2	2,5	13,5	1,3	1,0	0	752,4	21,8
Holz, Papier, Möbel	4,6	0,1	25,9	2,3	45,6	0,1	21,4	0,9	3,1	0,4	1,3	0	0,2	0	102,1	3,8
Textil und Bekleidung	17,6	0,4	46,8	0	60,0	0,7	40,2	1,9	9,4	0	18,6	0	1,5	0,1	194,1	3,1
Glas, Keramik	0,9	0	0,7	0	12,9	0,3	6,5	0,2	6,3	0,3	0,3	0	0,2	0	27,8	0,8
Elektrotechnische und elektronische Erzeugn.	6,8	0	23,5	3,1	40,5	3,7	46,1	4,5	31,7	2,5	4,3	1,6	6,1	3,0	159,0	18,4
Sonstige Erzeugnisse	30,1	0,9	3.938,2	241,6	440,3	24,4	212,0	31,2	41,8	3,4	16,0	0,3	8,8	3,4	4.687,2	305,2
G E S A M T :	128,4	3,7	4.666,1	300,4	778,0	50,5	714,9	64,0	257,2	28,9	80,6	13,9	37,8	10,6	6.663,0	472,0

Gegenüberstellung der Gesamteinfuhrn (A) und der zollfreien Einfuhrn

gemäß VO (EWG) 3568 und Entscheidung (EGKS) 3788/90 für das Jahr 1992 (B)

Mio DM

Karengruppe	ES-Kapitel	eben. Jugoslawien		eben. UdSSR		Polen		ehem. CSFR		Ungarn		Rumänien		Bulgarien		Gesamt	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Broäderungsirtschaft	01 - 24	1,9	0,5	6,3	0,4	32,7	9,3	45,1	2,2	36,3	39,8	4,2	0,7	10,5	10,1	137,0	59,1
Mineralische Stoffe	25 - 27	0,3		1415,4		206,2	0,1	60,5		0,4				2,7		1683,5	0,1
Über. Produkte, Leder- stoffe, Kunststoffe, Fasern	28 - 40	9,0		59,1	28,9	68,5	0,3	78,8	5,8	24,4	2,3	0,1		2,2		241,1	37,3
Leder, Peiseartikel, Schäke	41 - 43/84	5,0		5,0		32,2	1,2	16,2		4,8		2,7		9,2		69,1	1,2
Holz, Bork., Flecht- stoffe, Möbel	44 - 47/94	4,0		8,9	0,5	69,1		39,6		7,1		5,1	1,7	0,6		132,7	2,2
Papier, Pappe, Präz- erzeugnisse	48 - 49	0,9		3,0	1,4	2,9		7,3		0,2				0,1		14,9	1,1
Fasoline, Bekleidung	50-53/65-66	2,0	0,2	33,0		62,4	0,9	43,1	4,1	8,2	0,7	1,0		4,3		159,0	5,9
Steine, Glas, Keramik	63 - 70	1,3		3,9	2,1	57,6		63,2	0,4	2,5				0,2		127,6	2,5
Eisen, Stahl, Metall aus Eisen oder Stahl	72 - 73	0,1		275,8	212,9	59,7	58,6	113,7	102,6	3,5	1,5			0,2		463,0	375,8
BE-Metalle, Metall aus BE-Metallen	74 - 81	1,0	0,6	206,0	173,8	169,1	7,2	4,5	3,2	5,3	1,1	1,0		1,4	0,5	388,3	186,1
Werkzeuge, Metall aus unedlen Metallen	82 - 83	1,0		3,3		9,8	9,1	2,2		10,8	0,1	0,1		0,1		27,3	0,2
Maschinenbau	84	11,1	0,1	40,3	13,7	31,0	3,2	76,1	11,5	25,1	3,8	5,9	4,4	3,9		195,9	11,7
Elektrot./Elektroo. Geräte, Teile	85	3,0	0,1	4,7	4,5	15,6	4,9	28,3	2,0	5,7	0,7	0,2	0,2	8,7	0,6	66,2	12,9

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