

European Communities

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Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 145/74) for a Regulation on the customs treatment of goods imported for testing

Rapporteur: Mr Giovanni BOANO

PE 37.855/fin.

By letter of 10 June 1974, the Secretary-General of the Council of the European Communities requested the European Parliament to deliver an Opinion on the proposal from the Commission of the European Communities to the Council for a regulation on the customs treatments of goods imported for testing.

At its sitting on 14 June, the European Parliament referred this proposal to the Committee on Budgets as the Committee responsible and the Committee on External Economic Relations for its Opinion.

At its meeting of 1 July 1974, the Committee on Budgets appointed Mr BOANO rapporteur.

It considered the draft report at its meeting of 30 September 1974 and adopted it unanimously and asked, in agreement with the Commission, that the 'without debate' procedure be followed when the report is being presented at the Session, in accordance with rule 27.1 of the Rules of Procedure.

The following were present: Mr Spénale, Chairman, Mr Aigner, Vice-Chairman, Mr Boano, Rapporteur, Mr Artzinger, Mr Concas, Miss Flesch, Mr Gerlach, Mr Hansen, Mr Pêtre, Lord Reay (deputizing for Mr Kirk) and Mr Schmidt.

The Opinion of the Committee on External Economic Relations is attached.

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The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with an 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 the customs treatment of goods imported for testing.

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. 145/74),
 - having regard to the report of the Committee on Budgets and to the Opinion of the Committee on External Economic Relations (Doc. 281/74),
- (a) having regard to the need for a uniform approach to the customs treatment of goods imported for testing;
 - (b) having regard to the fact that, inter alia, such testing serves the useful purpose of making for improved consumer information;
 - (c) taking into account that the proposed Regulation is based on a Recommendation of the Customs Cooperation Council made in response to a wish expressed by the Council of Europe;
 - (d) recognizing that the risk of revenue loss is insignificant,
1. Approves the draft Regulation,
 2. Instructs its President to forward this Resolution and the report of its committee to the Council and Commission of the European Communities.

¹OJ No C72, 27.6.1974, p. 30

EXPLANATORY STATEMENT

1. Goods imported from third countries for the purpose of being tested, whether by non-profit-making organizations or others, are subject to varying treatment by the Customs authorities of Member States. The temporary admission procedure cannot be used to free such imports from charge to duty because the samples are altered during testing - if not completely expended. It is desirable that a standardized approach be adopted and that such samples be cleared by Customs without the imposition of import duties on charges with equivalent effect. To eliminate the possibility of fraud, such a concession should, however, be subject to authorization, by Customs authorities, as to the amounts of samples involved, the time allowed for effecting the relevant tests and general supervision formalities.

The Commission's proposal

2. The considerations outlined in the preceding paragraph have been accepted by the Commission of the European Communities in their proposal and the draft Regulation now under consideration has been based on a Recommendation adopted by the Customs Cooperation Council, just over two years ago, following a wish expressed by the Council of Europe.

Briefly, the draft Regulation provides that goods imported for testing designed to ascertain their composition, quality or other technical characteristics shall be admitted free of customs duties or charges with equivalent effect (including charges applicable to agricultural products) where

- (a) the goods are entirely expended during testing
or
- (b) the residue is destroyed or rendered commercially worthless after completion of testing.

In the case of goods other than those to which the preceding sentence refers, customs duties, charges with like effect, agricultural levies etc. will apply unless (i) the goods remaining are surrendered to the State without expense incurring to it and (ii) the appropriate authorities opt to operate a waiver.

As well, under the terms of the draft Regulation, the quantities of goods which are to benefit from the proposed concession will be strictly limited, a time limit will be imposed and appropriate controls will be effected.

Comments

3. Your rapporteur considers that the Commission is to be complimented on the clarity with which the background to the question at issue has been set out and on the succinctness of the draft Regulation. Because of the tight limitations on the extent of the concession and the provisions for the potential imposition of charge to duty where a utilisable residue remains after testing has been completed, the draft Regulation does not in any way constitute a potential hazard to the yield of the Common Customs Tariff.

Moreover, Article 5 of the draft Regulation provides the competent authorities with adequate powers of supervision to obviate any risk of abuse of the concession.

4. In the light of the foregoing observations and as there is no economic justification for not allowing the concession envisaged, your rapporteur recommends that the Committee approve this draft Regulation.

Your rapporteur would, however, be glad if the Commission would supply any statistics it may have on the extent of the movement of the goods in connection with the testing in question. He would also appreciate it if the full texts of (i) the Council of Europe document and (ii) the Customs Cooperation Council's recommendation were furnished as additional background information.

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Rapporteur: Mr G. BOANO

The Committee on External Economic Relations appointed Mr BOANO draftsman of the opinion on 2 July 1974.

It considered the draft opinion at its meeting of 17 September 1974 and adopted it unanimously.

The following were present:

Sir Douglas DODDS-PARKER, Vice-Chairman and
acting Chairman; Mr BREWIS, Mr CORTERIER,
Mr DE CLERCQ, Mr KLEPSCH, Mr E. MULLER,
Mr RADOUX, Mr SANDRI, Mr THORNLEY, Mr VANDEWIELE

1. The Commission of the European Communities, on the basis of a Recommendation adopted by the Customs Cooperation Council on 5 June 1972, has drawn up this proposal for a Regulation on the customs treatment of goods imported for testing.

2. On the basis of the Recommendation, the Commission proposes the application of the following customs treatment of goods imported for testing :

- (a) admission free of customs duties, charges having equivalent effect, agricultural levies and other import charges on goods entered for free circulation in order to undergo testing, and which are either entirely expended during testing, or which are destroyed or rendered commercially valueless on completion of such testing;
- (b) for goods which retain a commercial value on completion of testing, the application of customs' duties, charges having equivalent effect, agricultural levies and other import charges to which they would be liable if they were entered for free circulation in accordance with their kind, quantity and value on completion of testing.

3. The Customs Cooperation Council further recommends that authorization be given, where appropriate, for the goods to be abandoned to the public treasury where they are neither entirely expended during testing nor destroyed or rendered commercially valueless on completion of such testing. The competent authorities can therefore in such cases waive the customs' duties, charges having equivalent effect, agricultural levies and other import charges.

4. In order to avoid abuses or breaches of the regulation, the quantities of goods to be admitted thereunder must not exceed those strictly necessary for the proposed testing. The quantities are to be laid down in each instance by the competent authorities, taking into account the nature of testing.

5. Attention is drawn to the fact that the provisions of the Recommendation of the Customs' Cooperation Council and therefore the provisions of this proposal for a regulation are intended to further the efforts of both public and private organizations to control the quality of goods put on the market, with a view to providing the consumer with the best possible information.

The safeguarding of consumers' interests is a matter of importance, and the committee therefore approves the proposal for a Regulation.

6. Moreover, the economic effects of the implementation of this proposal for a Regulation are negligible, in view of the small quantities of goods entitled to benefit from it. It is clear that no distortion of competition will arise, since goods imported for testing will be entirely expended, destroyed or rendered commercially valueless on the completion of such testing or, as the case may be, abandoned to the public treasury.

7. In view of the abovementioned factors, the proposal for a Regulation can be approved.