



# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">1995/2321(INI)</a>	Procedure completed
Allegations of infringements or poor administration under Community transit procedures		
Subject 2.10.01 Customs union, tax and duty-free, Community transit		

Key players			
European Parliament			
Council of the European Union			
Council configuration	Meeting	Date	
<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1942</a>	08/07/1996	

Key events			
23/11/1995	Additional information		Summary
13/12/1995	Committee referral announced in Parliament		
08/07/1996	Debate in Council	<a href="#">1942</a>	
19/02/1997	Vote in committee		
19/02/1997	Vote in committee		Summary
18/02/1997	Committee report tabled for plenary	<a href="#">A4-0054/1997</a>	
12/03/1997	Debate in Parliament		
12/03/1997	Debate in Parliament		Summary
12/03/1997	Decision by Parliament	<a href="#">A4-0053/1997</a>	
13/03/1997	Decision by Parliament	T4-0102/1997	Summary
13/03/1997	End of procedure in Parliament		
14/04/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1995/2321(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Special committee/Committee of inquiry
Legal basis	Rules of Procedure EP 208

Stage reached in procedure	Procedure completed
Committee dossier	ENQU/4/07398; ENQU/4/07399

Documentation gateway					
Committee report tabled for plenary, single reading		<a href="#">A4-0053/1997</a> <a href="#">OJ C 115 14.04.1997, p. 0003</a>	19/02/1997	EP	
Committee report tabled for plenary, single reading		<a href="#">A4-0054/1997</a> <a href="#">OJ C 115 14.04.1997, p. 0004</a>	19/02/1997	EP	
Text adopted by Parliament, single reading		T4-0102/1997 <a href="#">OJ C 115 14.04.1997, p. 0116-0157</a>	13/03/1997	EP	Summary

## Allegations of infringements or poor administration under Community transit procedures

The European Parliament has decided to set up its first committee of inquiry in order to examine allegations of infringements or poor administration under the Community transit procedures (OJ C 7 of 12 January 1996). The committee of inquiry is instructed to examine: - the cause of the crisis in Community transit procedures, - the defects and shortcomings in and the measures taken to improve the procedures, - additional measures which need to be taken immediately, - the measures taken or which need to be taken in order to recover the sums lost and punish those guilty of infringements. The committee of inquiry will be chaired by Mr John TOMLINSON (PSE, UK) and the rapporteur will be Mr Edward KELLETT-BOWMAN (PPE, UK). It must report to the European Parliament within one year from now. It should be noted that the remit of the committee is not limited solely to the Community transit procedures. It was considered necessary to extend the scope of the inquiry to competing transit systems and to links between fraud under the system and customs fraud in general. Action by the committee of inquiry. The committee of inquiry has met several times since January 1996, mainly to acquaint the members of the committee with the nature and extent of the weaknesses in the transit procedures, which it did by inviting representatives of the Commission and the Court of Auditors and the heads of external agencies. As soon as it started work, the committee of inquiry published a call for testimonies (OJ C of 29 February 1996), inviting people with information of interest to the committee to submit written testimonies. The committee held 16 witness hearings between 26 March 1996 and 17 December 96 (65 witnesses were heard from 32 difference agencies). All the witness hearings gave rise to a multilingual report in extenso. The committee received 41 written testimonies in reply to its call for testimonies. In addition, during a special meeting in Brussels on 5 February 1996, the 15 permanent representatives of the Member States were invited to cooperate fully with the committee, mainly by: a) publicizing the remit and work of the committee of inquiry in their countries; b) supplying the name of a national in a position of responsibility with whom the committee could correspond directly in order to guarantee fast and efficient exchanges of information; c) notifying the committee of the rights of witnesses before the courts in their country; d) supplying information on national experience, both good and bad, on the 5 points of the committee's remit (detailed statistics); e) providing the documents needed for the committee to complete its remit either on request or on their own initiative. On 26 March 96, the committee held interviewed Commissioners Mario MONTI (in charge of customs) and Anita GRADIN (in charge of fraud) at length. Throughout 1996, the committee and its delegations went on several fact-finding missions to various places within the EU. They visited Geneva, Austria (Austro-Slovakian border), Rome and Naples, Hamm (central German transit office) and the port of Antwerp. Finally, in addition to formal hearings, reports and visits, the committee arranged several information meetings with representatives from DG XXI at the European Commission in charge of customs and heard reports from external agencies, especially the International Road Transport Union based in Geneva, which manages the TIR system which complements the Community transit procedures. It should be noted that the rapporteur drafted three interim reports while the committee was carrying out this work, summarizing the results obtained and identifying the areas which merited attention.

## Allegations of infringements or poor administration under Community transit procedures

The Committee of Inquiry has adopted the report of Edward KELLETT-BOWMAN (EPP, UK). After examining the details of flows of transit trade inside et across the Single Market, the Committee -according to the rapporteur- has succeeded in bringing the problem of transit out of the corridors of bureaucracy and placing it in the centre of political debate. At the end of its work this organ can claim to have opened up the debate and can reasonably claim that -no-one had a precise idea of the volume of fraud nor the size of the sums to be recovered. The figures quoted by users and controllers of the régime are no more than estimates; - the extension of the régime to include the Visegrad countries was taken in an administrative context although this decision should have been the subject of a wide-ranging political debate; - the transit régime should certainly not be further extended until it has been reformed and is operating efficiently in an environment which is safe and under control; - reform of the transit régime is indispensable if fraud is to be squeezed out and the financial haemorrhage from which the EU and its Member States are suffering is to be halted; - it is essential to find the funds necessary, both at European and national levels, to computerise the system immediately. The recommendations (more than thirty), which follow, are addressed principally to the European Commission which is charged with taking the necessary measures in the course of 1997 to ensure the efficient functioning of the transit regime in a safe and controlled environment and to inform the EP in this regard. They also concern the Members States insofar as the Committee of Inquiry points the finger at the weaknesses of the present 15 customs and judicial systems. Included among the recommendations are: 1) to establish a framework for customs services which leads to them acting as if they were one; 2) to create a common customs investigation body based on the Anti-Fraud Unit of the Commission (UCLAF); 3) to reinforce common training programmes and to create a customs academy for the EU; 4) to establish a common policy on physical controls based on a joint system of risk analysis throughout the EU's territory; 5) to encourage the success of transfrontier prosecutions by creating a European judicial directory, establishing a network of national liaison officers and deciding on common definitions of fraud and customs offenses; 6) to make operational as soon as possible the project for computerisation of the transit

régime; 7) to fix the conditions for admission to the transit régime; 8) to create a Working group charged with examining the means to make trade in cigarettes more transparent; 9) to carry out a common action in regard to countries, like Switzerland, whose legislation contributes to the problems facing the transit régime;

## Allegations of infringements or poor administration under Community transit procedures

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In adopting the report by Mr Edward KELLETT-BOWMANN (PPE, UK), the European Parliament called on its President to take the necessary steps to make public the report of the Committee of Inquiry containing allegations of infringements or poor administration under Community transit procedures. It urged the Commission, the Council and the Member States to ensure that action was taken on the conclusions of the inquiry, in accordance with the obligations of the decision of 19 April 1995. The main aspects of the Committee of Inquiry's recommendations were as follows: the Committee of Inquiry took the view that the viability of the transit regime and the credibility of the EU institutions depended on the attitude of the Commission, the Council and the Member States who were required to correct the said malfunctions quickly and effectively. To achieve this, the Committee of Inquiry proposed some forty recommendations affecting the customs sector, control measures, the judicial problem and the transit system proper. In the political domain, the Committee proposed cancelling or suspending the customs liabilities of operators. Customs services should be asked to agree to a suspension of demands for recovery which were made prior to the introduction of the 100% warranty for sensitive goods. The EU budgetary authorities should review the mechanism by which Member States retain 10% of the resources which they collect themselves and the entitlement to claim these deductions should be subject to proof that Member States are taking appropriate measures to protect the financial interests of the Community. The call was also made for current customs regulations to be simplified, so as to make controls more effective. Security of the Community transit system should be one of the primary concerns during negotiations on enlargement. Finally, while the signing of a mutual aid protocol with the Swiss authorities in January 1997 constituted a significant step forward, its implementation should be closely monitored and, within the framework of current negotiations with the Swiss with a view to concluding a bilateral agreement, the Commission was called on to ensure that the Swiss judicial authorities provide closer and more effective cooperation in the area of fraud and customs offences. With regard to customs services, the Committee of Inquiry called for these to function as if they were one and for a common customs investigation body to be set up as soon as possible (based on the Anti-Fraud Unit of the Commission). A central information office should be created to reinforce the mechanisms for information exchange between the various national customs services. Member States should recognize the crucial role which the customs services still played within the single market area and should review their policy of reducing manpower in this sector. Similarly, the judicial and administrative powers of the national customs services should be better adapted to the single market, particularly as regards the possibility of carrying out checks within the country in question. On the specific subject of controls, the Commission was called on to put in place a common policy for the application of physical checks, maximum journey times and route restrictions. Vehicles and containers used for transporting goods should be equipped with an electronic device which allows the position of the load to be determined at all times, the haulier who agrees to the installation of such a device being entitled to a reduction in customs security rates. Customs services were urged increasingly to explore the possibilities offered by existing control mechanisms and information exchange processes. This included examining the means to make trade in cigarettes more transparent (particularly with regard to the ownership chain and the financial transactions). In the judicial domain, formal procedures governing requests for legal assistance between Member States should be simplified and accelerated. The Committee of Inquiry called for the Convention on the protection of the financial interests of the European Communities to be ratified without delay by all Member States. It also advocated a system of mutual recognition of evidence to be set up by means of which evidence provided by another Member State may be declared admissible, and called for a system to be introduced whereby customs offences could be referred to the courts of a Member State, even if the offences in question had not been committed in the territory of this State. Finally, the legislation of the Member States in respect of submission of evidence should be amended so that UCLAF might undertake criminal prosecutions and submit evidence to national courts under the same conditions as the national authorities. As far as the transit system was concerned, the Committee of Inquiry called for better use to be made of the potential offered by computerization (the Commission's NCTS project should be implemented as soon as possible). The time allotted to customs services for meeting their guarantee obligations should be reviewed and prior notification of changes in destination should be made compulsory. The Committee also called for proposals designed to extend the guarantee system to other means of transport, including shipping. Lastly, responsibility for taxes, duties and excise should be distributed more evenly among those who have a financial interest and/or who are physically in charge of the goods in transit. ?