

# Procedure file

Basic information	
CNS - Consultation procedure Decision	2003/0308(CNS) Procedure completed
Outermost regions, French overseas departments: dock dues (extend. Decision 89/688/EEC)	
Amended by <a href="#">2010/0359(CNS)</a>	
Amended by <a href="#">2014/0010(CNS)</a>	
Amended by <a href="#">2014/0101(CNS)</a>	
Amended by <a href="#">2014/0308(CNS)</a>	
Subject 4.70.06 Outlying and outermost regions, overseas countries and territories	
Geographical area France	

Key players			
European Parliament			
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2560</a>	10/02/2004
	<a href="#">Environment</a>	<a href="#">2556</a>	22/12/2003
European Commission	Commission DG	Commissioner	
	<a href="#">Taxation and Customs Union</a>		

Key events			
16/12/2003	Legislative proposal published	<a href="#">COM(2003)0792</a>	Summary
22/12/2003	Resolution/conclusions adopted by Council		
12/01/2004	Committee referral announced in Parliament		
13/01/2004	Vote in committee		
15/01/2004	Decision by Parliament	<a href="#">T5-0024/2004</a>	Summary
10/02/2004	Act adopted by Council after consultation of Parliament		
10/02/2004	End of procedure in Parliament		
21/02/2004	Final act published in Official Journal		

Technical information	
Procedure reference	2003/0308(CNS)

Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
	Amended by <a href="#">2010/0359(CNS)</a> Amended by <a href="#">2014/0010(CNS)</a> Amended by <a href="#">2014/0101(CNS)</a> Amended by <a href="#">2014/0308(CNS)</a>
Legal basis	Rules of Procedure EP 52-p1; EC Treaty (after Amsterdam) EC 299-p2
Stage reached in procedure	Procedure completed
Committee dossier	RETT/5/20534

### Documentation gateway

Legislative proposal	<a href="#">COM(2003)0792</a>	17/12/2003	EC	Summary
Text adopted by Parliament, 1st reading/single reading	<a href="#">T5-0024/2004</a> OJ C 092 16.04.2004, p. 0338-0382 E	15/01/2004	EP	Summary
Follow-up document	<a href="#">COM(2010)0742</a>	14/12/2010	EC	Summary
Follow-up document	SEC(2010)1558	14/12/2010	EC	

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

<a href="#">Decision 2004/162</a> <a href="#">OJ L 052 21.02.2004, p. 0064-0069</a> Summary
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## Outermost regions, French overseas departments: dock dues (extend. Decision 89/688/EEC)

PURPOSE : to extend and amend the tax arrangements as regards exemptions and reductions in dock dues for products manufactured locally in the French overseas departments. PROPOSED ACT : Council Decision. CONTENT : Council Decision 89/688/EEC states that in view of the specific constraints on the overseas departments, partial or total exemptions from dock dues may be authorised for local production activities for a period of not more than ten years from the date of the introduction of the charge. This period should have expired on 31 December 2002. This draft decision authorises the French authorities to apply, until 31 December 2013 (i.e. for ten years) exemptions from dock dues or reduced dock dues for the products listed in the Annex, which are manufactured locally in the French DOMs. It sets the maximum authorised tax differentials between local products and products from abroad. Depending on the categories of goods listed in the Annex, these maximum differentials are 10, 20 or 30 percentage points. Furthermore: - for products to which only a tax reduction is applied the proposal allows the maximum differentials to be exceeded if the persons liable for the tax normally due are firms whose annual turnover is less than EUR 550 000 and which are accordingly exempt from the tax. The extra tax differential may not, however, exceed 5 percentage points; - the planned exemption from dock dues on locally manufactured products not listed in the Annex for firms with an annual turnover of less than EUR 550 000, should be such that the tax differential for such products depends on whether or not such products are locally manufactured. This tax difference must not exceed five percentage points; - the draft decision excludes the application of tax differentials to agricultural products for processing or for use as agricultural inputs which are entitled to aid through Regulation 1452/2001, and especially the specific supply arrangements, in the form of subsidies or exemptions from customs duties; - the French authorities are required to notify the Commission without delay of dock dues arrangements providing for differential taxation of goods. The Community framework may be adapted at the end of five years on the basis of an evaluation report which the French authorities are obliged to transmit to the Commission, to check the impact of the measures and their contribution to promoting or maintaining local economic activities; - in order to ensure continuity with the current arrangements, the date from which the Decision becomes applicable is set at 1 January 2004, and will take effect on 1 July 2004. To avoid any sort of legal vacuum, the application of Council Decision 89/688/EEC is extended for a six-month period until that date.?

## Outermost regions, French overseas departments: dock dues (extend. Decision 89/688/EEC)

Following a request for an urgent procedure, Parliament approved a proposal for a Council decision on the system of dock dues in the French overseas departments. The French authorities will be authorised to apply, until 31 December 2013 (i.e. for ten years) exemptions from dock dues for certain products which are manufactured locally in the French overseas departments of Guadeloupe, Guyana, Martinique and Réunion. These exemptions must be in keeping with the social and economic development strategy of the overseas departments, taking into account its Community framework, and contribute to promoting local activities, not being such as to adversely affect the terms of trade to an extent contrary to the common interest.?

## Outermost regions, French overseas departments: dock dues (extend. Decision 89/688/EEC)

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**PURPOSE:** to extend and amend the tax arrangements as regards exemptions and reductions in dock dues for products manufactured locally in the French overseas departments (DOMs). **LEGISLATIVE ACT:** Council Decision 2004/162/EC concerning the dock dues in the French overseas departments and extending the period of validity of Decision 89/688/EEC. **CONTENT:** This Decision authorises the French authorities, until 1 July 2014, to apply exemptions or reductions to the dock dues tax for a series of products (listed in the Annex to the Decision) which are produced locally in the French overseas departments of Guadeloupe, Guyana, Martinique and Reunion. These exemptions or reductions must be in keeping with the economic and social development strategy of the DOMs, taking account of its Community framework, and contribute to promoting local activities while not being such as to adversely affect the terms of trade to an extent contrary to the common interest. The French authorities shall present to the Commission by 31 July 2008 a report on the application of the taxation arrangements in order to check the impact of the measures taken and their contribution to the promotion or maintenance of local economic activities, in the light of the handicaps affecting the outermost regions. On the basis of this report, the Commission will submit a report to the Council giving a full economic and social analysis, and, where appropriate, a proposal for adapting the provisions of this Decision. **ENTRY INTO FORCE:** 01/01/2004 and 01/08/2004, depending on the measures in question.?

## Outermost regions, French overseas departments: dock dues (extend. Decision 89/688/EEC)

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The Commission presents a report concerning the dock dues tax arrangements in the French overseas departments. Council Decision 2004/162/EC authorises France, up to 1 July 2014, to apply exemptions from or reductions in the tax known as "dock dues" to certain products manufactured in the DOMs. The difference between the taxation of locally manufactured products and the taxation of other products may not exceed 10, 20 or 30 percentage points, depending on the product. It recalls that the specific measures contained in Decision 2004/162/EC were thus designed to strengthen local industry.

In accordance with Decision 2004/162/EC, on 31 July 2008 the French authorities submitted their report on the application of the tax arrangements authorised by the Decision to the Commission. On 22 December 2008 a supplement was submitted, and the further information requested by the Commission on 16 April 2009 was sent to it on 16 April 2010.

Main elements of France's report: the report states the view that the differentiated tax arrangements for the dock duties do not constitute an obstacle to trade with the DOMs, since the flow of imports into each of the four DOMs of the products to which a tax differential was applied has continued to grow since 2004. The tax differential has not stopped the products concerned from being brought into the DOMs from outside. The report states that, although overall inflation is higher than in metropolitan France, this is not the case for the manufactured products which are most affected by the tax differentials. The report does not discuss the effect of the dock dues on the general level of prices in the DOMs or the difference between that level and the general price level in metropolitan France.

In terms of assistance to enterprises, the report notes that it is difficult to put an exact figure on the impact of the tax differentials because of the other regional aid in place for enterprises in the DOMs. It concludes that the differentiated tax arrangements for dock dues are an essential prop to the profitability and survival of many production activities in the DOMs. Thus, it notes, even taking account of all the assistance received, enterprises in the DOMs, apart from the largest ones, always have net results that are two points lower than those of enterprises in metropolitan France. As to the largest enterprises, the tax differentials on the dock dues encourage them to invest, which has helped to maintain economic growth in the DOMs. Revenue from dock dues was approximately EUR 923 million in 2006, 95% of which came from dock dues on "imports". The report provides information on how the revenue from dock dues has been used.

In the supplement to the report, received in December 2008, the French authorities provided an update based on the figures for 2007. The revenue from dock dues rose from EUR 923 million to EUR 957 million. The proportion used to finance investments in the DOMs increased to 31%. The tax differentials did not halt the growth in imports, although the growth was smaller, except in Guadeloupe. The share of local production in supplying local demand in the DOMs ranges from 29.1% in French Guiana to 36.7% in Martinique. The figures provided do not distinguish between products which benefit from a tax differential for dock dues and those that do not.

The supplement to the report states that it has not so far been possible to quantify the effects of the dock dues tax differentials on employment in the enterprises producing the products concerned. However, it does provide some general data on unemployment and paid employment in the DOMs. The supplement also states that the impact of the dock dues on the general price level of the products covered by differentiated taxation and on the inflation rate in the DOMs cannot be determined on the basis of the data available. All that is available is data on product price trends (for products covered by the tax differential and for other products). The information provided leads to different conclusions for the different DOMs.

Commission's analysis: the Commission regrets that a precise evaluation of the impact of the measures taken for each category of product benefiting from a dock dues tax differential and the extent to which they helped to maintain or promote local economic activity could not be provided by the French authorities in July 2008 as stipulated in Decision 2004/162/EC. The fact that this study was not undertaken until later delayed the provision of information to the Commission and meant that the information is in part fragmentary and in part very limited, or even non-existent.

The Commission considers that the information provided by the French authorities does not give a complete picture of the economic and social impact on local production in the DOMs of the application of a tax differential to dock dues for local products as compared with products from outside the DOMs. The patchy information provided does, however, show that the differentiated tax arrangements for dock dues has in most cases allowed local production of the products concerned to be maintained and to occupy a greater or lesser share of the local market. Very probably, local production could in many cases not have been maintained without this tax differential, and that would have had a detrimental

economic and social effect. In certain cases where local products hold the lion's share, if not almost all, of the market the Commission has more doubts about the need to maintain the tax differential. These doubts are even stronger in those cases where there are no products of a given category coming in from outside at all. This point should, if appropriate, be examined in detail at the end of the period covered by Decision 2004/162/EC. However, for now the Commission proposes removing two products from the list of products to which the tax differential may be applied.

Although the question of how to restore competitiveness to local products in relation to "imported" products is essentially a matter for the French authorities, the Commission regrets that the report from the French authorities does not contain any information on the impact of the differentiated tax arrangements for the products on the general level of prices in the DOMs, and not only on inflation, since the effect of the differentiated taxation is to alter competition between products on the basis of the highest cost price, which is that of products made in the DOMs.