








Procedure file

Basic information	
CNS - Consultation procedure Decision	2014/0308(CNS) Procedure completed
Dock dues in the French outermost regions Amending Decision 2004/162/EC 2003/0308(CNS) Amended by 2020/0174(CNS)	
Subject 2.70.02 Indirect taxation, VAT, excise duties 4.70.06 Outlying and outermost regions, overseas countries and territories	
Geographical area Martinique France Mayotte Guadeloupe French Guiana Réunion	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Regional Development	 MIHAYLOVA Iskra	04/11/2014
		Shadow rapporteur	
		 PONGA Maurice	
		 MANSCOUR Louis-Joseph	
		 LEWER Andrew	
		 VANA Monika	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Economic and Monetary Affairs	The committee decided not to give an opinion.	
Council of the European Union European Commission	Commission DG Taxation and Customs Union	Commissioner MOSCOVICI Pierre	

Key events			
29/10/2014	Legislative proposal published	COM(2014)0666	Summary

12/11/2014	Committee referral announced in Parliament		
03/12/2014	Vote in committee		
05/12/2014	Committee report tabled for plenary, 1st reading/single reading	A8-0054/2014	Summary
16/12/2014	Results of vote in Parliament		
16/12/2014	Decision by Parliament	T8-0079/2014	Summary
17/12/2014	Act adopted by Council after consultation of Parliament		
23/12/2014	End of procedure in Parliament		
23/12/2014	Final act published in Official Journal		

Technical information

Procedure reference	2014/0308(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
	Amending Decision 2004/162/EC 2003/0308(CNS) Amended by 2020/0174(CNS)
Legal basis	Treaty on the Functioning of the EU TFEU 349-p1sub1-as1
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	REGI/8/01926

Documentation gateway

Legislative proposal	COM(2014)0666	29/10/2014	EC	Summary
Committee draft report	PE541.607	17/11/2014	EP	
Committee report tabled for plenary, 1st reading/single reading	A8-0054/2014	05/12/2014	EP	Summary
Text adopted by Parliament, 1st reading/single reading	T8-0079/2014	16/12/2014	EP	Summary
Follow-up document	COM(2018)0824	13/12/2018	EC	Summary

Additional information

European Commission	EUR-Lex
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Final act

Decision 2014/940 OJ L 367 23.12.2014, p. 0001 Summary

PURPOSE: to authorise France to apply exemptions or reductions to the dock dues tax for certain products produced locally in the French outermost regions of Guadeloupe, French Guiana, Martinique, Mayotte and Réunion.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: in principle, the provisions of the Treaty, which apply to the outermost regions of the Union, of which the French overseas departments (DOM) form part, do not authorise any difference in taxation between local products and those from metropolitan France or the other Member States. However, Article 349 of the treaty envisages the possibility of introducing special measures for those regions because of the existence of permanent handicaps affecting the economic and social situation of the outermost regions.

The 'dock dues' tax is an indirect tax applied to deliveries and exports of goods in the French outermost regions. In principle, it is applied in the same way to products produced locally and those that are not (products of metropolitan France, other Member States or non-member countries).

[Council Decision 2004/162/EC](#) authorises France, until 31 December 2014, in order to restore the competitiveness of products produced locally, to apply exemptions or reductions to the dock dues for certain products produced in the outermost regions of Guadeloupe, French Guiana, Martinique, Réunion and, from 1 January 2014, Mayotte (excluding Saint Martin).

France has requested that a system similar to that contained in Decision 2004/162/EC be maintained until 1 January 2015.

CONTENT: the proposal for a Council Decision provides for authorising France, until 31 December 2020, to apply exemptions or reductions to the dock dues for certain products produced in the French outermost regions (excluding Saint Martin).

The Annex to that Decision contains the list of products to which tax exemptions and reductions may be applied. 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.

In order to simplify the obligations of small enterprises, tax exemptions or reductions will affect all operators with an annual turnover of at least EUR 300 000. Operators whose annual turnover is under that threshold are not subject to dock dues.

The proposal envisages extending the period of application of Decision 2004/162/EC for a further six months to 30 June 2015. This measure will give France the necessary time to transpose the provisions of the new Council Decision into its national law.

Lastly, the new arrangement will apply for five years and six months. It will nevertheless be necessary to evaluate its results. The French authorities must therefore present a report to the Commission by 31 December 2017 on the application of the tax arrangements introduced, in order to assess the impact of the measures taken and their contribution to promoting or maintaining local economic activities and ascertaining whether the tax benefits granted by France to products produced locally are still necessary and proportional.

Dock dues in the French outermost regions

The Committee on Regional Development adopted, in the framework of a special legislative procedure (Parliaments consultation), the report by Iskra MIHAYLOVA (ADLE, BG) on the proposal for a Council decision concerning the dock dues in the French outermost regions.

It recommended the European Parliament to approve, unamended, the Commission proposal.

The proposal seeks to continue support for competitiveness and social and economic development. The purpose of the proposal is to establish a new legal framework for the dock dues from 1 January 2015 to 31 December 2020, by determining the products to which tax exemptions and reductions may be applied.

The proposal also foresees extending Decision 2004/162/EC by a further six months (until 30 June 2015) in order to give France time to transpose the provisions of the new Council Decision into its national law for the period from 1 January 2015 to 31 December 2020.

Dock dues in the French outermost regions

The European Parliament adopted by 594 votes to 99, with 10 abstentions, in the framework of a special legislative procedure (Parliaments consultation), a legislative resolution on the proposal for a Council decision concerning the dock dues in the French outermost regions.

Parliament adopted its position without making amendments.

The proposed Decision aims to authorise France, until 31 December 2020, to apply exemptions or reductions to the dock dues for certain products produced in the outermost regions of Guadeloupe, French Guiana, Martinique, Réunion (excluding Saint Martin).

The 'dock dues' tax is an indirect tax applied to deliveries and exports of goods in the French outermost regions. In principle, it is applied in the same way to products produced locally and those that are not (products of metropolitan France, other Member States or non-member countries).

Dock dues in the French outermost regions

PURPOSE: to establish a legal framework for dock dues from 1st January 2015.

LEGISLATIVE ACT: Council Decision 940/2014/EU concerning the dock dues in the French outermost regions.

CONTENT: this Decision authorises France to apply, from 31 December 2020, to apply exemptions or reductions to the dock dues for certain products produced in the outermost regions of Guadeloupe, French Guiana, Martinique, Mayotte and Réunion (except for Saint Martin). Those exemptions or reductions must be in keeping with the economic and social development strategy of the outermost regions concerned and contribute to the promotion of local activities while not adversely affecting the conditions of trade to an extent contrary to the common interest.

The "dock dues" tax is an indirect tax that applies to supplies and imports of goods in the French outermost regions. In principle it applies in the same way to locally manufactured products and those which are not (products of metropolitan France, the other Member States or third countries).

The Annex to that Decision contains the list of products to which the tax exemptions or reductions may be applied. The difference between the taxation of products produced locally and that of other products may not exceed 10, 20 or 30 percentage points, depending on the product.

Tax exemptions or reductions should affect all operators whose annual turnover is at least EUR 300 000. Operators whose annual turnover is under that threshold should not be subject to dock dues.

France should present, by 31 December 2017, a report on the application of the taxation arrangements introduced, in order to check the impact of the measures taken and their contribution to the maintenance, promotion and development of local economic activities, in the light of the handicaps affecting the outermost regions.

The Decision extends by a further six months until 30 June 2015 the period of application of [Decision 2004/162/EC](#) which authorises France, in order to restore the competitiveness of products produced locally, to apply exemptions or reductions to the dock dues for certain products produced in its outermost regions.

ENTRY INTO FORCE: the measures shall apply from 01.07.2015.

Dock dues in the French outermost regions

As required under Council Decision 940/2014/EU, the Commission presents a report concerning the 'dock dues' tax arrangements applied in the French outermost regions. The Decision authorises France, until 31 December 2020, to apply exemptions or reductions to dock dues for a number of locally manufactured products. The Annex to the Decision contains the list of products to which the tax exemptions or reductions may be applied. Depending on the product, the difference between the taxation of products manufactured locally and that of other products may not exceed 10%, 20% or 30%. The measures have been designed for the purpose of strengthening local industry in order to counter handicaps related to remoteness, raw-material and energy dependence, the obligation to build up larger stocks, the small size of the local market combined with a low level of export activity.

In accordance with the requirements of the Decision, the French authorities submitted in February 2018 a report on the application of the tax arrangements, assessing the impact of the measures taken and their contribution to the maintenance and promotion of local economic activities.

Specific evaluation reports for each of the French outermost regions, accompanied by requests to adapt the list of products to which differentiated taxation may apply, were sent on 15 March 2018 for French Guiana, Martinique and Guadeloupe, on 4 June 2018 for Réunion and, without requesting an update of the list, on 28 August 2018 for Mayotte. The requests for list updates relate to almost 90 products. These requests are aimed mainly at including new products on the lists and at reclassifying existing products on a list, allowing for a greater tax differential.

Commissions analysis of the French reports

The Commission states that information provided shows that the differentiated dock-dues taxation arrangements have made it possible, for the majority of the products concerned, to maintain local production capable of occupying a greater or lesser share of the local market. In view of the constraints to which local businesses are subject, it is certain that, in many cases, local production could not have been maintained without this tax differential, and that would have had a detrimental economic and social effect.

The Commission makes the following points:

- the handicaps of the French autonomous regions that justified maintaining the dock dues arrangements in 2014 are still a factor, with all the consequences they have in terms of possible additional costs for local production;

the recent adaptations to the list of products benefiting from a tax differential have had a negligible impact on prices in the French outermost regions;

- dock dues have positive effects on economic activity in the French outermost regions. The overall effect of dock dues (revenue + tax reductions benefiting local production) is estimated, for 2016, at 3.3 % of GDP in the French outermost regions (ranging from 2.6 % in Réunion to 5 % in Mayotte). Moreover, dock dues revenue represents between 40 % and 50 % of the revenue of the territorial collectivities of the French outermost regions;

the dock dues arrangements do not disrupt the foreign trade conducted by the territories concerned and prevent a potential deterioration in the balance of trade;

- the dock dues arrangements are still necessary in so far as the conditions that justified the option of differentiated taxation for certain products still apply and in so far as there are still additional production costs.

Adjustments to be made to the Council Decision

The French authorities, in March 2018, asked that adaptations be made to the list of products to which differentiated taxation may be applied with regard to four of the French outermost regions (French Guiana, Réunion, Martinique and Guadeloupe). 50 measures are for new products to be included on the lists.

There are also 28 requests for products on a list to be reclassified to enable a greater taxation differential, 7 requests for a category of products to be expanded, and a number of requests for codes to be updated (9 products in French Guiana). All these represent almost 10 % of the products on the list. They are designed to re-establish businesses competitiveness by compensating for a portion of the additional

production costs that affect local production.

The French authorities stated that the products thus targeted represent declared local production amounting to EUR 225 million for 2016, and imports amounting to almost EUR 212 million. Imports of the products concerned increased by almost 5 % over the period 2014-2016, and the products fall into a very broad range of categories.

The [Commissions proposal](#) envisages amending the list of products to which differentiated taxation may be applied by accepting those changes requested by the French authorities for which due justification had been provided.