

## 'Customs officers are still around' from the Communauté européenne (March 1969)

**Caption:** Almost a year after the completion of the Customs Union, Jean Lecerf harshly criticises the weaknesses and the inconsistencies of the system in the monthly publication Communauté européenne.

**Source:** Communauté européenne. Bulletin mensuel d'information. dir. de publ. Fontaine, François ; Réd. Chef Chastenet, Antoine. Mars 1969, n° 128. Paris: Service d'Information des Communautés Européennes. "Les douaniers sont toujours en place ", auteur:Lecerf, Jean , p. 25-26.

**Copyright:** (c) Translation CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.

Consult the legal notice and the terms and conditions of use regarding this site.

**URL:**

[http://www.cvce.eu/obj/customs\\_officers\\_are\\_still\\_around\\_from\\_the\\_communaute\\_europeenne\\_march\\_1969-en-cb1cd474-cc5f-43dc-916d-ec6f935a9d5f.html](http://www.cvce.eu/obj/customs_officers_are_still_around_from_the_communaute_europeenne_march_1969-en-cb1cd474-cc5f-43dc-916d-ec6f935a9d5f.html)



**Last updated:** 05/07/2016

## Customs officers are still around, but they are not what you imagine

*The simplest picture of the Common Market, one that was used and abused at first, was the elimination of customs officials. It was logical: with no customs duties there was no need for customs officers.*

*Well, customs duties were scrapped last July but the customs officers are still with us. Why? What are they there for? These questions will take us to the heart of the problems of present-day Europe and help us establish what has already been done and what is left to do.*

### Customs duties have gone but taxes are still in place

It is true that customs duties are no more. It is not true that they have been replaced by equivalent taxes. This may have happened here and there, but the European Commission has always firmly opposed such moves and the partners are on their guard.

Each country does, however, maintain the right to collect, at the point of entry to its territory, the tax payable by its own producers. At the same time, those of its producers who export are tax-exempt. This applies to trade within the Common Market but also to external trade.

One of the great principles of the Common Market, one that will endure until taxes have been completely harmonised, is that the tax on a product is that of the consumer country, not the producer country. And this is fair.

Otherwise, everyone would buy in the country where taxes are lowest. A tax-cutting bonanza would ensue, with each country trying to outdo the others. This would be fine for the consumer but would put the states in a difficult situation. Seeing as it was the governments that signed the Treaty, this solution was unlikely to happen.

The spirit of the Common Market is that one pays the same taxes and bears the same charges whether one buys in one country or another.

But the upshot of all this is that customs officials are needed at point of entry to collect the taxes payable in the country concerned.

The spirit of these taxes is very different from customs duties. Customs duties are based on the notion that if you are a foreigner, you must pay a duty that is not paid by local producers, in order for you to be less favourably placed than they are. Between the Common Market countries, this is now a thing of the past.

The taxes, on the other hand, are based on the principle that if you are a foreigner, it is fair that you pay the same taxes as local producers so that you are on equal terms with them. This is, in theory and in practice, a very different matter.

This type of customs collection will disappear when taxes are the same throughout the Common Market. We are getting there. Several countries have already introduced value added tax and all will have to do so by 1970. However, the rates remain different. The rules governing the tax base have not yet been fully harmonised: for the tax payable to be equal, it is not enough for the rates to be the same. The value of the object on which it is based must also be calculated in the same way, conditions of payment must be the same, etc.

For the moment we are a long way off. Value added tax is about 25 % in France but is no more than 10 % in Germany. There is no local tax in France but there is in Germany. And so on.

The road to full tax harmonisation will not be a smooth one. The harmonisation process will be very difficult between countries like the Netherlands, a very large proportion of whose revenue comes from goods in transit, banking and the processing of goods that have come in from outside and will be going back there,

and for example France, which derives much from its own soil, devotes considerable effort to its internal market and has a fairly complete range of industrial activity, or again Germany, with its heavy reliance on direct taxation and relatively modest emphasis on indirect taxes, quite unlike France. There will have to be many trade-offs, making serious political clashes inevitable.

### **The weak points of the customs union**

The Treaty of Rome has replaced customs duties, levied by each country on goods from outside the Community, by a common external tariff. This is the definition of a customs union, whereas a free trade area does away with customs duties within the area but leaves each country free to impose whatever customs tariffs it wants on countries outside.

This common external tariff is now in operation, but the states do not yet have total confidence in it. A number of implementing regulations are still required. A duty, like a tax, has a different impact depending on how the value of the object on which it is levied is calculated. Also, rules of transit, that is to say the conditions under which it is possible not to pay a tax when imported goods are processed and then re-exported, have not as yet been completely harmonised. And finally, a very sensitive point: the conditions under which periods of grace are granted for the payment of duties vary from country to country. An effort has undoubtedly been made to arrive at common regulations. Much progress was made in July to this effect, but uniform implementation has not yet been achieved.

What makes it all the more difficult is that the customs officials in the various countries have received different training. Officials in countries that rely heavily on trade have been trained in the idea that merchandise should be let through very liberally. Those in countries with a more comprehensive industrial range feel they should protect their national endeavours.

In case of dispute, uniform legal procedures have not yet been worked out. Above all, the civil servants called upon to apply the common external tariff come under the authority of the various countries concerned. As a result there is no common interpretation of the tariff.

### **Exchange controls**

Since last June, customs officers in France have to apply exchange controls. Whereas for goods, thanks to computerisation, the work has become easier, exchange controls imply checks, however cursory, on people. The system of exchange documents had to be swiftly established, and this proved very difficult.

In France, since the beginning of the Common Market, the number of customs officers has gone down by three hundred, leaving approximately eighteen thousand. Meanwhile, traffic has more than doubled. The laws are far more complicated. Customs officers have been given the job of refunding tax to tourists who have bought goods within the country.

The common external tariff is itself a cause of complication. It establishes a different tariff regime for Community goods and those from outside, from Africa and Madagascar, from Greece and Turkey. Different trading agreements must be implemented. In each case the problem of origin may arise. And if the origin is mixed, with one part of an object coming from one country and a different part from another, subject to a different regime, the complications can be horrendous. At the moment, at least in France, people working in customs are worn out.

Exchange controls are not working properly and the issue of the numbers of staff required has to be addressed.

Here we come up against the question of a common currency, which implies common budgetary and cyclical policies.

Customs officers are still around. They still have a lot of work to do. They are there to remind us that Europe

has a long way to go before it achieves a common fiscal policy, harmonised budgets and a coherent credit policy, which alone can enable our different currencies to remain steady, without recourse to exchange controls, a measure that is damaging in the extreme for a common market.

They are still there and are answerable to six different authorities, helping to maintain the frontiers that are meant to disappear. We should be aiming at a single corps serving the whole Community, under a common authority. And that authority will necessarily have a political dimension.

When the customs officers manning the Community's internal borders disappear, when they become answerable, at the external frontiers of the Community, to a common authority, the United States of Europe will be on its way.

Jean Lecerf