



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.05.2001  
COM(2001) 289 final

**COMMUNICATION FROM THE COMMISSION  
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**

**Strategy to prepare the candidate countries for accession to the 1987 EC-EFTA  
Conventions on a common transit procedure and the simplification of formalities in  
trade in goods**

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**1. EXTENDING THE CONVENTIONS - OBJECTIVES AND GENERAL CONDITIONS**

- 1.1. The 1987 Conventions on common transit and the simplification of formalities in trade in goods currently have eight contracting parties (European Community, Iceland, Norway, Switzerland, Hungary, Poland, Slovakia, Czech Republic) representing 22 countries. For more than ten years, including after their extension to the Visegrad countries in July 1996, they have proven their worth as instruments which facilitate trade between the participating countries by means of a common procedure for the circulation of goods under customs supervision to avoid bottlenecks at border crossings and harmonisation of the customs declaration form for the export, import and transit arrangements (the 'single administrative document').
- 1.2. Six Central and Eastern European countries (Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovenia) and Turkey have asked to be invited to accede to the Conventions. To prepare them for this, a technical assistance programme has been started consisting of activities either under PHARE ("North-South" contract for the six CEECs) or the Customs 2002 programme (Turkey).
- 1.3. Extending these Conventions to European countries able to implement them is clearly in itself in the interest of the Community and of European traders. However, it cannot be considered independently of the strategy for the pre-accession of these countries to the European Union. Participation in the Common Transit and Simplification of Formalities Conventions is a practical means of preparing for the adoption and implementation of the relevant Community *acquis*. In view of the efforts already made towards this objective and the importance of their achievement, particularly from the point of view of future accession to the Union, everything should be done to allow the process of accession to the Conventions to be concluded.
- 1.4. However, the applications for accession have come at a time of crisis in Europe's transit systems owing to the unchecked rise in cases of fraud, in particular involving heavily-taxed goods. In response to the Commission's analysis of the shortcomings in the system and the recommendations made by the European Parliament's Committee of Inquiry on Community transit in February 1997, the Commission made a commitment not to propose any new extension of the Conventions before the Community and common transit procedures had been reformed and computerised. This was the approach taken by the Commission communication to the European Parliament and the Council of 30 April 1997, "An Action Plan for Transit in Europe - a New Customs Policy",<sup>1</sup> which establishes three key pillars for transit reform: clear rules which balance the system's anticipated simplifications and fraud prevention, in

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<sup>1</sup> COM(97) 188 final (OJ C 176, 10.6.1997, p. 1).

particular for high-risk goods; computerisation of procedures to ensure real-time monitoring and supervision of operations; effective and sustainable implementation of procedures, involving a functional policy of information, training and supervision and practical measures at national and European level.

- 1.5. The legislative component of the reform of the transit arrangements is now finalised and ready to be implemented on 1 July 2001. The operational framework is in place and activities already under way are continuing to schedule and in accordance with the Resolutions of the Council of 21 June 1999<sup>2</sup> and of the EC-EFTA Joint Committee of 2 December 1999<sup>3</sup> on reform of the transit arrangements. In addition, the initial phase of transit computerisation is already being implemented for certain operations between seven countries, and its extension to the others, with additional functions, is planned for the end of 2001. It should therefore be possible to consider the accession of new contracting parties to the Conventions as soon as the conditions have been met for moving on to the phase of extension of the computerised system.
- 1.6. The Commission has therefore defined a strategy for accession to the Common Transit and Simplification of Formalities Conventions that not only takes account of the situation of the current contracting parties (a reformed and computerised transit system) and the state of preparation of each candidate country, but also helps establish the best possible conditions for most of them (and for the Union) to subsequently adopt the relevant Community *acquis*. Implementation of this strategy, in particular when a country's readiness for accession has to be decided, must take account of the risk of trade being diverted to the detriment of the Community budget, because of the level of customs tariffs currently applying in the candidate countries, and, at a more general level, of the compliance of the country concerned with international undertakings ensuing from its association with the Community.
- 1.7. The proposed strategy outlined in the present communication relates to an area of the Community *acquis* which is not only of importance in terms of its economic impact on traders and the organisation of customs procedures by Member States but also of special sensitivity as regards the protection of the Community's financial interests.

## **2. OUTLINE OF THE STRATEGY FOR EXTENDING THE CONVENTIONS**

- 2.1. Extending the 1987 EC-EFTA Common Transit and Simplification of Formalities Conventions to new partners (six CEECs and Turkey) who are able to apply them is in the interest of the Community, European trade and the strategy of their pre-accession to the European Union. For geographical reasons, the preparation of Cyprus and Malta should focus on direct adoption of the Community *acquis* on transit and the SAD on accession to the European Union, without necessarily requiring prior accession to the Conventions (this point should, of course, be reviewed if these two countries were to apply nevertheless).
- 2.2. From the standpoint of the current contracting parties to the Conventions, in particular the Community, the conditions for extending the Conventions to new countries (a reformed and computerised transit system) could be considered as met as soon as the EC-EFTA Joint Committee decisions amending the Conventions are in

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<sup>2</sup> OJ C 193, 9.7.1999, p. 1.

<sup>3</sup> OJ C 42, 4.2.2000, p. 4.

force and the geographical and functional extension of the computerised transit system is able to begin with the countries involved in the initial phase.

- 2.3. The countries applying for accession to the Conventions can only be invited to accede if they are able to implement the whole of the *acquis* on common transit and the simplification of formalities (SAD) in force at the time, at legislative, operational and computerisation level. On the latter point, the only countries that can be invited to accede to the Conventions are those possessing a computerised transit system that meets the legal, technical and financial requirements of the New Computerised Transit System (NCTS) in force at the time of the invitation (making connection to the CCN/CSI common communications network a prerequisite), since accession cannot be allowed on the basis of a system based on "paper" documents only. Moreover, it will be necessary to ensure that the conditions for the accession of the candidate countries to the Convention on a common transit procedure do not encourage a diversion of trade to the detriment of the Community budget and that accession is linked to the compliance of the country concerned with the international undertakings ensuing from its association with the Community.
- 2.4. The preparation of the six CEECs for accession to the Conventions must be within the framework of the Accession Partnerships and on the basis of the national programmes for the adoption of the *acquis*. Any contribution from the PHARE programme must be determined in the light of the candidate countries' own preparations. Ideally, each country would be in a position to accede to the Conventions as soon as possible and at least one year before the planned date of accession to the Union, though without any formal link being made between the two accessions. In Turkey's case, preparations must go ahead so as to enable Turkey to be invited to accede at the earliest possible opportunity. The Accession Partnership with Turkey, currently being introduced, should also provide a framework for these preparations. The emphasis in the preparations of the candidate countries must be put on the computerised aspect of the common transit procedure, which implies connection both to the CCN/CSI network and to the NCTS.
- 2.5. In addition, the Commission will devise, on behalf of the Community and in cooperation with the other contracting parties to the Conventions, a series of measures designed to ensure the overall consistency of the preparations with the implementation of customs instruments which necessarily require not only a joint approach on legislation but also integrated application at administrative level.
- 2.6. The candidate countries have already been granted special observer status in the common transit and simplification of formalities working parties to ensure their direct involvement in the day-to-day administration and future development of the Conventions, particularly the computer-related aspects. They will also be eligible for transit-related initiatives (training seminars, exchanges of officials) organised under the 'Customs 2002' programme. Their situation with regard to the Community *acquis* on customs computerisation will be evaluated to help better identify what progress needs to be made and which requirements have to be met. Regional cooperation between candidate countries (in particular the Baltic states) in matters of customs transit is also encouraged.

### **3. CONCLUSION**

The Commission considers that the Community should act according to the terms of the above strategy when deciding on the applications for the accession of non-EU countries to the EC-EFTA Common Transit and Simplification of Formalities Conventions.

Any decision by the EC-EFTA Joint Committees to invite a candidate country to accede to the Conventions should therefore be preceded by an evaluation of that country's state of preparation in the light of the implementation of the common transit system, in its revised and computerised form, in the current contracting parties.