

Outermost regions, French overseas departments: products that may benefit from exemption from or a reduction in dock dues

2010/0359(CNS) - 14/12/2010 - Legislative proposal

PURPOSE: to authorise France to apply exemptions from or reductions in the tax known as "dock dues" to certain products manufactured in the French overseas departments (DOMs).

PROPOSED ACT: Council Decision.

LEGAL BASE: Article 349 of the Treaty on the Functioning of the European Union (TFEU) (former Article 299(2) of the EC Treaty).

IMPACT ASSESSMENT: no impact assessment was carried out.

CONTENT: 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 Annex to that Decision contains a 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.

The reasons for adopting specific measures include isolation, raw material and energy dependence, the obligation to build up stocks, the small size of the local market and the low level of export activity. The specific measures were thus designed to strengthen local industry by making it more competitive.

Decision 2004/162/EC provides that the French authorities must present to the Commission by 31 July 2008 a report on the application of the tax arrangements authorised by the Decision, in order to check the impact of the measures taken and their contribution to promoting or maintaining local economic activities, in the light of the handicaps affecting the outermost regions.

The French authorities accordingly submitted their report to the Commission. It was later supplemented. The report from the French authorities includes a request for the list of products to which differentiated taxation may be applied to be updated for French Guiana.

The Commission's report has been presented to the Council today. It is accompanied by this proposal for a Council Decision which aims to update, in the light of the findings made, the lists of products in the Annex to Decision 2004/162/EC, to which France is authorised, within certain limits, to apply exemptions from or reductions in the tax known as "dock dues" for certain products manufactured locally in the French overseas departments.

BUDGETARY IMPLICATION: this proposal has no implication for the EU budget.