



16.12.2014

NOTICE TO MEMBERS

Subject: Petition 2039/2013 by A. M. (Dutch), on the situation of the Spanish-owned towns of Ceuta and Melilla.

1. Summary of petition

The petition concerns the port towns of Ceuta and Melilla, south of the Straits of Gibraltar. The towns, although situated adjacent to Morocco, form part of the European Union and are free ports and tax havens. Retail products are sold there tax free and there is no price competition. The towns' activities promote tax evasion and fraud and cause huge losses of jobs and income to Morocco every year. The petitioner considers the EU's action to be contradictory, because on the one hand it has granted Morocco privileged status and is actively promoting reforms there, while on the other hand Spain's activities in relation to these two towns are destroying Morocco's economy and giving a bad impression of the EU.

2. Admissibility

Declared admissible on 7 August 2014. Information requested from Commission under Rule 216(6).

3. Commission reply, received on 16 December 2014

The Spanish cities of Ceuta and Melilla are part of the European Union, but they have a special status within the Union, by which they are excluded from certain policy areas. First of all, on the basis of Protocol 2 of the Act of Accession of Spain¹, Ceuta and Melilla are not part of the custom territory of the Union. Secondly, EU legislation on VAT and excise duties is

¹ OJEU L302, 15 November 1985, page 400.

not applicable to the territories of Ceuta and Melilla¹.

Consequently, the European Union is not competent in relation to customs, VAT and excise issues in Ceuta and Melilla. For this reason, the Commission is not in a position to address the alleged negative effects that the customs and tax policies in Ceuta and Melilla would have, according to the petitioner, on the Moroccan economy.

Conclusion

In the context of this background information, the Commission is not in a position to assist the petitioner.

¹ For VAT, see Article 6(2) of Directive 2006/112/EC on the common system of value added tax; for excise duties, see Article 5(3) of Directive 2008/118/EC concerning the general arrangements for excise duty and repealing Directive 92/12/EEC.