

CONFIDENTIAL



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Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

15 May 1985

The Rt Hon Peter Walker MBE MP
 Secretary of State for Energy
 Department of Energy
 Thames House South
 Millbank
 LONDON SW1

John P...

THE CUSTOMS AND CEBG OIL IMPORTS

You wrote to me on 23 April about the application of the UK regulations for petroleum products to past imports of fuel oil by the CEBG and the likely effects if there were any resultant duty charge.

Such a charge is unavoidable in respect of some imports. Extensive enquiries already undertaken by Customs show that since the commencement of the coal strike considerable quantities of mixed fuel oils from a variety of sources - including the USA - have been wrongly claimed as of Dutch Antilles origin for the purpose of obtaining the preferential - nil - rate of duty. Such imports should in fact have borne the protective duty rate of 3 ½ per cent.

Where claims for preference are shown to be incorrect Customs are obliged under Community law to take all steps to recover the duty underpaid and account for it to the Community as own resources. I am assured that Customs, under guidance from the Department of Trade and Industry, are not acting any differently from our Community partners. They raise a duty charge only in those cases which fail to qualify for preference in accordance with the origin criteria established by UK regulations. This has been made clear at meetings with the CEBG and representatives of the major oil companies.

As to a possible review of the rules of origin, I understand there is a move in this direction at Community level in Brussels at which DTI will play the major part for the UK. Such a review will undoubtedly be protracted and be concerned only with changes for the future. In the meanwhile Customs have no alternative in law but to continue applying the existing national rules.

I am copying this to the Prime Minister and Norman Tebbit.

Nigel Lawson

NIGEL LAWSON

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