



EUROPEAN
COMMISSION

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2015/0104 (NLE)

Proposal for a

COUNCIL REGULATION

**amending Regulation (EU) No 1387/2013 suspending the autonomous Common Customs
Tariff duties on certain agricultural and industrial products**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Commission, assisted by the Economic Tariff Questions Group (ETQG), has reviewed all requests for temporary suspension of autonomous Common Customs Tariff duties forwarded by the Member States. ETQG consists of delegations from all Member States plus Turkey. It met three times before the changes laid down in this proposal have been agreed.

Each request (new, amended or rolled-over requests) has been assessed carefully by the group. In particular, preventing any harm for EU producers and the strengthening and consolidation of the competitiveness of EU production are part of the examination of each case. This assessment has been carried out by discussions within the group and consultation by Member States of the concerned industries, associations, chambers of commerce and other stakeholders involved.

This proposal concerns a number of agricultural and industrial products. The suspension requests were examined in the light of the criteria set out in the Communication from the Commission concerning autonomous tariff suspensions and quotas (OJ C 363, 13.12.2011, p. 6). Following this review, the Commission considers that the suspension of duties is justified for the products listed in the table under point (1) (b) of the Annex of this proposal. Also, the table under point (1) (b) of the Annex lists i) products for which the wording of their description had to be changed or ii) products for which a new CN or TARIC code became necessary.

Products for which tariff suspension is no longer in the Union's economic interests have to be withdrawn. Accordingly, the table under the point (1)(c) of the Annex lists the products removed from the Annex I to Regulation (EU) No 1387/2013 and products for which the wording of their description had to be changed or products for which a new CN or TARIC code became necessary or which are replaced by new description or codes in the table under point (1) (b) of the Annex.

The list of relevant supplementary units in the Annex II to Regulation (EU) No 1387/2013 should be updated. Thus, the table under point (2) (a) of the Annex contains the list of codes of the supplementary units of the products listed in the table under point (1) (b) of the Annex of this proposal and the table under point 2(b) of the Annex of the attached proposal lists codes of the supplementary units of the products removed from the Annex I of the above mentioned Regulation.

Finally, it is proposed to add a new paragraph in Article 1 strictly limiting the scope of the suspensions to the products described in Annex I to Regulation (EU) No 1387/2013.

The proposal is in line with the trade, enterprise, development and external relations policies.

Particularly, this proposal is not at the expense of countries enjoying a preferential trading agreement with the EU (e.g. GSP, ACP regime, candidate countries and potential candidates).

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The ETQG, in which the competent authorities of all Member State are represented, was consulted. All listed suspensions correspond to agreements or compromises reached in the discussions of the group.

There was no mention of potentially serious risks with irreversible consequences.

3. LEGAL ELEMENTS OF THE PROPOSAL

The legal basis of this regulation proposal is Article 31 of the Treaty on the Functioning of the European Union (TFEU).

By virtue of Article 31 of the TFEU autonomous tariff suspensions and quotas are fixed by the Council acting on qualified majority on the basis of a Commission proposal, therefore a regulation is the appropriate instrument.

The proposal falls under the exclusive competence of the Union. The subsidiary principle therefore does not apply.

The proposal complies with the principle of proportionality as this set of measures is in line with the principles set out to simplify the procedures for the operators engaged in foreign trade and in accordance with the Commission communication concerning autonomous tariff suspensions and quotas (C 363, 13.12.2011 p.6).

4. BUDGETARY IMPLICATION

Uncollected customs duties of a total amount of approximately 43,2 Mio €/year. The effect on the traditional own resources of the budget is 32,4 Mio €/year (75% x 43,2 Mio €/year).

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 31 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) It is in the interest of the Union to suspend totally the autonomous Common Customs Tariff duties on 107 products which are currently not listed in Annex I to Council Regulation (EU) No 1387/2013¹. Those new products should, therefore, be inserted into that Annex.
- (2) It is no longer in the interest of the Union to maintain the suspension of autonomous Common Customs Tariff duties on 11 of the products that are currently listed in Annex I to Regulation (EU) No 1387/2013. Those products should, therefore, be deleted from that Annex.
- (3) It is necessary to modify the product descriptions of 33 suspensions included in Annex I to Regulation (EU) No 1387/2013 in order to take account of technical product developments, economic trends on the market or to carry out linguistic adaptations. Moreover, following further scrutiny of the products specifications, CN codes for three additional products should be amended. The suspensions in respect of which modifications are necessary should be deleted from the list of suspensions in Annex I to Regulation (EU) No 1387/2013, and the modified suspensions should be reinserted into that list.
- (4) In the interest of clarity, the modified entries should be marked with an asterisk.
- (5) In order to allow an appropriate statistical monitoring, Annex II to Regulation (EU) No 1387/2013 should be completed with supplementary units for some of the new products for which suspensions are granted. For reasons of consistency, the supplementary units assigned to the products deleted from Annex I to Regulation (EU) No 1387/2013 should also be deleted from Annex II to that Regulation.
- (6) It should be clarified that any mixtures, preparations or products made up of different components containing products subject to autonomous tariff suspensions are not covered by Annex I to Regulation (EU) No 1387/2013.
- (7) Regulation (EU) No 1387/2013 should therefore be amended accordingly.

¹ Council Regulation (EU) No 1387/2013 of 17 December 2013 suspending the autonomous Common Customs Tariff duties on certain agricultural and industrial products and repealing Regulation (EU) No 1344/2011 (OJ L 354, 28.12.2013, p. 201).

- (8) Following specific administrative arrangements the amendments pursuant to this Regulation have to take effect from 1 July 2015. This Regulation should apply from that date,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 1387/2013 is amended as follows:

- (1) Article 1 is replaced by the following:

“Article 1

1. The autonomous Common Customs Tariff duties for the agricultural and industrial products listed in Annex I are hereby suspended.
2. Any mixtures, preparations or products made up of different components containing products listed in Annex I shall not be subject to paragraph 1 of this Article.”

- (2) Annexes I and II are amended as set out in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 July 2015.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Council Regulation amending Regulation (EU) No 1387/2013 suspending the autonomous Common Customs Tariff duties on certain agricultural and industrial products

2. BUDGET LINES:

Chapter and Article: Chapter 12, Article 120

Amount budgeted for the year 2015: €16 701 200 000 €(B 2015)

3. FINANCIAL IMPACT

Proposal has no financial implications

Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

(EUR million to one decimal place)

Budget line	Revenue ²	6 month period, starting dd/mm/yyyy	[Year: 2/2015]
Article 120	<i>Impact on own resources</i>	01/07/2015	-16,2

Situation following action	
	[2015 – 2019]
Article 120	- 32,4/ year

4. ANTI-FRAUD MEASURES

Checks on the end-use of some of the products covered by this Council Regulation will be carried out in accordance with Articles 291 to 300 of Commission Regulation (EEC) No 2454/93 laying down provisions for the implementation of the Community Customs Code.

5. OTHER REMARKS

This proposal contains the amendments which must be made to the Annex to the existing Regulation in order to take account of the following:

1. new requests for suspension which have been presented and accepted;

² In the case of traditional own resources (agricultural duties, sugar levies, customs duties), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.

2. technical product developments and economic trends on the market resulting in the lifting of certain existing suspensions.

Addition

This Annex, in addition to the amendments resulting from description or code changes, contains 107 new products. The uncollected duties corresponding to these suspensions, calculated on the basis of requesting Member State projections for the period 2015 to 2019, amount to 24,6 Mio €/year.

On the basis of the existing statistics for preceding years, it would appear, however, necessary to increase this amount by an average factor, estimated at 1,8 to take account of imports into other Member States using the same suspensions. This means uncollected duties loss of revenue of some 44,3 Mio €/year.

Withdrawal:

11 products have been withdrawn from this Annex reflecting the reintroduction of customs duties. This represents an increase of 1,1 Mio € in resources, as estimated on the basis of 2014 statistics.

Estimated cost of this operation

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at $44,3 - 1,1 = 43,2$ Mio € (gross amount, including collection costs) $\times 0,75 = 32,4$ Mio €/year for the period 01.07.2015 - 31.12.2019.

The loss of revenue in Traditional Own Resources shall be compensated by Member States contributions based on the GNI.