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2015/0151 (NLE)

Proposal for a

COUNCIL REGULATION

**opening and providing for the management of autonomous Union tariff quotas for
certain fishery products for the period 2016 to 2018**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The EU supply of certain fishery products largely relies on imports. In the last 15 years the EU has become more dependent on imports to meet its consumption of fishery products: the EU production covers only 44% of the EU needs in fisheries and aquaculture products. The main purpose of the autonomous trade measures for fishery and aquaculture products is to enable the EU fish processing industry to import third countries' raw materials under reduced or duty-free duties for further processing.

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

EU processors and a number of EU Member States have requested the continuation of autonomous tariff quotas (ATQs) for fishery products in order to guarantee the supply of the EU fish processing industry.

Consultations with EU producers, EU processors and Member States were carried out in December 2014 and January 2015 through a questionnaire sent by the Commission.

An external study has been commissioned in August 2014 to assess the results of the Regulation (EC) 1220/2012 for the 2013-2015 period and to verify that objectives were met, taking into account the global context of supply of the EU processing industry. The report includes a retrospective evaluation as well as a prospective evaluation envisaging a possible way forward for the future ATQ regulation covering the 2016-2018 period.

The results of the study confirm in general terms that the ATQ scheme is relevant to support the EU processing industry by providing the sector with the opportunity to source supply at cheaper prices. It is also consistent. It does not have any detectable negative impacts on the EU production sector as most of the species covered by the regulation are not produced in sufficient quantities in the EU, or are not produced at all. Overall¹, the ATQ scheme is considered to be effective and efficient. The competitiveness of the EU fish processing industry is ensured, without harming EU producers. The ATQ regulation also support growth and maintain employment in the sector while providing to consumers stable supply at reasonable price. Every EUR 1 custom duty foregone generates between EUR 2.5 and EUR 3 value-added by the industry.

The study does not identify specific problem in the 3 years duration set by the regulation. It is a compromise between certainty and the need to revise the regulation to adapt to changing supply conditions.

The main impact of the current Regulation is the loss of revenue for the EU budget which in turn translates into duty preferences and competitive raw material for the EU processors of fishery products. Autonomous tariff quotas of fishery and aquaculture products represent a maximum loss of revenue for the EU budget of roughly € 185.5 million per year (average on the three years period).

3. LEGAL ELEMENTS OF THE PROPOSAL

Legal basis

Article 31 of the Treaty on the Functioning of the European Union.

¹ Effectiveness and efficiency are variable across products covered by the regulation.

Subsidiarity principle

Common Customs Tariff duties fall under the exclusive competence of the Union. The subsidiarity principle therefore does not apply for those provisions.

Proportionality principle

The proposal complies with the principle of proportionality for the following reason: the Customs Union is a common policy and should therefore be implemented through a Regulation adopted by the Council.

4. BUDGETARY IMPLICATION

See the financial statement below.

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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) Union supplies of certain fishery products currently depend on imports from third countries. In the last 15 years the Union has become more dependent on imports to meet its consumption of fishery products. In order not to jeopardise the Union production of fishery products and to ensure the adequate supply to the Union processing industry, customs duties should be partially or totally suspended for a number of products within tariff quotas of an appropriate volume. To guarantee a level playing field for the Union producers, the sensitivity of individual fishery products on the Union market should also be taken into consideration.
- (2) Council Regulation (EC) No 1220/2012² opened and provided for the management of autonomous Community tariff quotas for certain fishery products for the period 2013 to 2015. In order to guarantee appropriate supply conditions for the Union industry for the period 2016 to 2018, that Regulation should be repealed and replaced by a new Regulation.
- (3) Equal and uninterrupted access to the tariff quotas provided for in this Regulation should be ensured for all Union importers and the rates laid down for the tariff quotas should be applied without interruption to all imports of the products concerned into all Member States until the tariff quotas have been used up.
- (4) The entry into force of the Comprehensive Trade and Economic Agreement between the European Union and Canada will alter the available preferential market access to the Union market for shrimps and prawns of the species *Pandalus borealis* covered by a tariff quota of this Regulation. The quota concerned should therefore be adapted to ensure the same level of preferential supply of the Union market as before the entry into force or provisional application of the Agreement.
- (5) To ensure the efficiency of a common management of the tariff quotas, Member States should be permitted to draw from the tariff quota amount the necessary quantities corresponding to their actual imports. Since that method of management requires close

² Council Regulation (EU) No 1220/2012 of 3 December 2012 on trade related measures to guarantee the supply of certain fishery products to Union processors from 2013 to 2015, amending Regulations (EC) No 104/2000 and (EU) No 1344/2011 (OJ L 349, 19.12.2012, p. 4)

cooperation between the Member States and the Commission, the latter should be able to monitor the rate at which the tariff quotas are used up and should inform the Member States accordingly.

- (6) Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code³ provides for a system of tariff quota management which follows the chronological order of the dates of acceptance of the declarations for release for free circulation. The tariff quotas opened by this Regulation should be managed by the Commission and the Member States in accordance with that system.

HAS ADOPTED THIS REGULATION:

Article 1

Import duties on the products listed in the Annex shall be reduced or suspended within the tariff quotas, at the rates, for the periods and up to the amounts indicated therein.

Article 2

The tariff quota applicable under order number 09.2794 for shrimps and prawns of the species *Pandalus borealis* cooked and peeled, for processing, set in the Annex at 30 000 tons per year, shall be automatically reduced to 7 000 tons per year starting from 1 January of the year following the year in which the Comprehensive Trade and Economic Agreement between the European Union and Canada enters into force or is applied provisionally, whichever occurs first.

Article 3

The tariff quotas referred to in Article 1 shall be managed in accordance with Articles 308a, 308b and 308c (1) of Regulation (EEC) No 2454/93.

Article 4

The Commission and the customs authorities of the Member States shall cooperate closely to ensure the proper management and control of the application of this Regulation.

Article 5

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 January 2016 to 31 December 2018.

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

³ Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (OJ L 253, 11.10.1993, p. 1.)

Done at Brussels,

For the Council
The President