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COMMISSION

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2017/0097 (NLE)

Proposal for a

COUNCIL REGULATION

amending Regulation (EU) No 1388/2013 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Autonomous tariff quotas are needed for certain products when production in the European Union is insufficient to meet the needs of the user industry in the EU. EU tariff quotas should be opened at zero or reduced duty rates for appropriate volumes, without disturbing the markets for such products.

On 17 December 2013, the Council of the European Union adopted Regulation (EU) No 1388/2013 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products so that EU demand for the products in question could be met under the most favourable conditions.

The Regulation is updated every six months to accommodate the needs of EU industry. The Commission, assisted by the Economic Tariff Questions Group (ETQG), has reviewed all requests from the Member States for autonomous tariff quotas duties.

Following this review, the Commission considers that the opening of autonomous tariff quotas is justified for some new products, currently not listed in the Annex to Council Regulation (EU) No 1388/2013. In relation to some other products, an end date needs to be added, or an increase of the initial quota volume has become necessary.

• Consistency with existing policy provisions in the policy area

This proposal does not affect countries that have a preferential trading agreement with the EU, candidate countries or potential candidates for preferential agreements with the EU (e.g. Generalised System of Preferences; the African, Caribbean and Pacific group trade regime; Free Trade Agreements).

• Consistency with other Union policies

The proposal is in line with EU policies on agriculture, trade, enterprise, development and external relations.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

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

• Subsidiarity (for non-exclusive competence)

The proposal falls under the EU's exclusive competence. The subsidiarity principle therefore does not apply.

- **Proportionality**

The proposal complies with the principle of proportionality. The measures envisaged are in line with the principles for simplifying procedures for operators engaged in foreign trade, as stated in the Commission communication concerning autonomous tariff suspensions and quotas[1]. This Regulation does not go beyond what is necessary to achieve the objectives pursued in accordance with Article 5(4) of the Treaty on European Union (TEU).

- **Choice of the instrument**

By virtue of Article 31 of the TFEU, "Common Customs Tariff duties shall be fixed by the Council on a proposal from the Commission". Therefore, a regulation is the appropriate instrument.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The scheme of the autonomous tariff quotas was part of an evaluation study in 2013 on autonomous tariff suspensions. This is because the two measures are similar, except that quotas limit import volumes. The evaluation concluded that the core rationale for the scheme remains valid. The cost savings for EU businesses importing goods under the scheme can be significant. In turn, depending on the product, company and sector, these savings can have wider benefits, such as boosting competitiveness, making production methods more efficient, and creating or keeping jobs in the EU.

- **Stakeholder consultations**

The ETQG, which consists of delegations from all Member States plus Turkey, assisted the Commission to assess this proposal. The group met three times before agreeing the changes in this proposal.

It carefully assessed each request (new, or for an amendment). It particularly examined each case to ensure that it was not causing any harm to EU producers and was strengthening and consolidating the competitiveness of EU production. The ETQG's members carried out the assessment through discussions, and Member States consulted the concerned industries, associations, chambers of commerce and other stakeholders involved.

All listed quotas were the subject of agreements or compromises reached in the ETQG's discussions. No potentially serious risks with irreversible consequences were mentioned.

- **Impact assessment**

The proposed amendment is technical and concerns only the coverage of quotas listed in the Annex. The Regulation remains identical to the existing Council Regulation in all other respects. Therefore, no impact assessment was carried out for this proposal.

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[1] OJ C 363, 13.12.2011, p. 6.

- **Fundamental rights**

The proposal has no consequences on fundamental rights.

4. BUDGETARY IMPLICATIONS

This proposal has no financial impact on expenditure but has a financial impact on revenue which leads to uncollected customs duties of a total amount of approximately EUR 5,2 million per year. The negative effect on the traditional own resources of the budget is EUR 4 132 757 per year (80 % of EUR 5 165 946 per year).

The loss of revenue in traditional own resources shall be compensated by Member States' Gross National Income (GNI) based on resource contributions.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The measures proposed are managed within the framework of TARIC (Tarif intégré de l'Union européenne/Integrated Tariff of the European Union) and applied by the Member States' customs administrations.

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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) In order to ensure sufficient and uninterrupted supply of certain goods insufficiently produced in the Union and to avoid any disturbances on the market for certain agricultural and industrial products, autonomous tariff quotas have been opened by Council Regulation (EU) No 1388/2013[2]. Products within those tariff quotas can be imported into the Union at reduced or zero duty rates. For the reasons indicated, it is necessary to open, with effect from 1 July 2017, tariff quotas at zero duty rates for an appropriate volume as regards seven new products.

(2) In the case of five additional products, the quota volumes need to be increased, as this increase is in the interest of economic operators and of the Union.

(3) Moreover, for one product the increase in volume should only apply to the second half of the year 2017 and was therefore added to Annex I with order number 09.2846, while the existing quota with order number 09.2687 for the same product receives an end date of 31.12.2017 and is listed in Annex II.

(4) Regulation (EU) No 1388/2013 should therefore be amended accordingly.

(5) As the changes regarding the quotas for the products concerned provided for in this Regulation have to apply from 1 July 2017, this Regulation should enter into force as a matter of urgency,

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[2] Council Regulation (EU) No 1388/2013 of 17 December 2013 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products, and repealing Regulation (EU) No 7/2010 (OJ L 354, 28.12.2013, p. 319).

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EU) No 1388/2013 is amended as follows:

(1) the rows for the tariff quotas with order numbers 09.2828, 09.2842, 09.2844, 09.2846, 09.2848, 09.2850, 09.2868, and 09.2870 set out in Annex I to this Regulation are inserted following the order of the Combined Nomenclature (CN) codes indicated in the second column of the table in the Annex to Regulation (EU) No 1388/2013;

(2) the rows for the tariff quotas with order numbers 09.2629, 09.2658, 09.2668, 09.2669, 09.2687 and 09.2860 are replaced by the rows set out in Annex II to this Regulation.

Article 2

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

It shall apply from 1 July 2017.

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 1388/2013 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products

2. BUDGET LINES

Chapter and Article: Chapter 12, Article 120

Amount budgeted for the year 2017: EUR 20 000 500 000 (B 2017)

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

X 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[3]	6 month period, starting dd/mm/yyyy	[Year: second half of 2017]
Article 120	*Impact on own resources*	01/07/2017	- 2,1

(EUR million to one decimal place)

Situation following action	
	[2018 and following years]
Article 120	- 4,1 per year

See point 4 "Budgetary implications" of the Explanatory Memorandum.

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 Article 254 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

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[3] Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % of collection costs.