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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**introducing emergency autonomous trade preferences for Pakistan**

## EXPLANATORY MEMORANDUM

Against the background of the unprecedented and devastating floods in Pakistan, the European Council at its meeting on 16 September mandated Ministers to agree urgently a comprehensive package of short, medium and longer term measures which will help underpin Pakistan's recovery and future development. These should, inter alia, include ambitious trade measures granting, exclusively to Pakistan, increased market access to the EU through the immediate and time limited reduction of duties on key imports from Pakistan.

The European Council invited the Commission to present in October a proposal for a Regulation of the European Parliament and of the Council to unilaterally suspend duties on certain imports from Pakistan for a limited period of time.

The trade concession to be offered to Pakistan need to represent a credible effort by the EU and bring about meaningful economic benefits to Pakistan while taking into account sensitivities of the EU industries, as well as other WTO members, and in particular those of least developed countries.

60% of Pakistan's exports to the EU are textiles and clothing. Consequently, a large number of products proposed for liberalisation are textiles and clothing. Yet, since the product scope should be as broad as possible, it also includes other industrial and agricultural products in order not to undermine Pakistan's efforts to diversify its industries and exports base.

A list of 75 dutiable products lines of importance for Pakistan's exports has been established. The selected product lines amount to almost €900 million in import value, accounting for about 27% of EU imports from Pakistan (€3.3 billion). Liberalising these 75 lines, of which one product line (ethanol) would be subject to an annual tariff rate quota of 100 000 tonnes based on past imports, would result in an estimated increase in EU imports from Pakistan of around €100 million per year compared to 2009, while lowering tariff revenue for the EU budget by slightly more than €80 million. This increase in EU imports is relatively small given the current overall value of imports of these products of close to €15 billion, out of which nearly €4 billion already enters the EU free of duties. Direct or indirect effects on employment will be limited given that the increase in imports is low compared to current level of EU production (0.5%), and would also be compensated by gains through lower prices on the imported items. Additional support to EU industry, if needed, can also be made available under the European Globalisation Adjustment Fund.

At the same time, the EU will also have to request an exemption from its obligations in the World Trade Organisation (WTO). An EU decision to grant Pakistan trade preferences would be in breach of the basic principle of GATT Articles I:1 (Most favoured nation principle - MFN) as these preferences would not be granted to other WTO Members, and XIII on the non-discriminatory administration of quantitative restrictions. The EU will thus have to request from the WTO a waiver from GATT Articles I and XIII. This request will have to be adopted by the WTO General Council in accordance with Article IX of the Agreement establishing the WTO.

Article 8 of this Regulation creates procedures under which implementing acts should be adopted. These provisions can be revised to bring them in line with the future regulation to be adopted pursuant to Article 291 TFEU on the control of the Commission's exercise of implementing powers. In the event that the present proposal is adopted before the Regulation on the control of the Commission's exercise of implementing powers enters into force, the Commission envisages that it will be automatically updated to refer to the Regulation adopted pursuant to Article 291 by operation of that proposal.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**introducing emergency autonomous trade preferences for Pakistan**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The relationship between the European Union and the Islamic Republic of Pakistan (hereinafter referred to as Pakistan) builds on the Cooperation Agreement which entered into force on 1 September 2004<sup>1</sup>. One of its main objectives is to secure the conditions for and to promote the increase and development of trade between the Parties.
- (2) In July and August 2010, following heavy monsoon rains, devastating floods affected extensive regions of Pakistan, notably the areas of Balochistan, Khyber Pakhtunkhwa, Punjab, Sindh and Gilgit-Baltistan. According to United Nations sources, the flooding affected some 20 million people and 20 per cent of Pakistan's land, equivalent to at least 160,000 square kilometres, and leaving up to 12 million people in need of urgent humanitarian aid.
- (3) Humanitarian aid is of course the primary instrument in this kind of situation and the Union has been at the forefront in this field since the beginning of the emergency.
- (4) It will be important to use all available means to support Pakistan's recovery from this emergency and progress towards future development.
- (5) The European Council, in a Declaration on Pakistan of 16 September 2010, resolved to mandate Ministers to agree urgently on a comprehensive package of short, medium and longer terms measures which will help underpin Pakistan's recovery and future development, comprising inter alia ambitious trade measures essential for economic recovery and growth.

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<sup>1</sup> OJ L 378, 23.12.2004, p. 22.

- (6) In particular, the European Council underlined its firm commitment to grant exclusively to Pakistan increased market access to the Union through the immediate and time limited reduction of duties on key imports from Pakistan.
- (7) It is therefore appropriate to extend autonomous trade preferences to Pakistan by suspending for a limited period of time all tariffs for certain products of export interest to Pakistan. The provision of these trade preferences would not cause any meaningful adverse effects on the domestic market of the Union and would not affect negatively least developed Members of the World Trade Organisation (WTO).
- (8) The autonomous trade preferences will be either in the form of an exemption from customs duties upon import in the Union or in the form of tariff-rate quotas.
- (9) Entitlement to benefit from the autonomous trade preferences is conditional on Pakistan's compliance with the relevant rules of origin of products and the procedures related thereto as well as involvement in effective administrative cooperation with the Union in order to prevent any risk of fraud. Serious and systematic violations of the conditions for the entitlement to the preferential arrangement, fraud or failure to provide administrative cooperation for the verification of origin of goods should constitute reasons for a temporary suspension of the preferences. In this respect, the Commission should be permitted to adopt, if necessary, such temporary measures.
- (10) For the purposes of defining the concept of originating products, certification of origin and administrative cooperation procedures, Title IV, Chapter 2, Section 1 of 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<sup>2</sup> should apply. However, as regards cumulation of origin, only materials originating in the European Union should be allowed to be used for these purposes. Regional cumulation and other types of cumulation except that with the EU originating materials should not apply in relation to the determination of originating status of products covered by the present autonomous preferences in order to ensure that sufficient transformation takes place in Pakistan.
- (11) Extending autonomous trade preferences to Pakistan would require a waiver from the obligations of the Union under Articles I and XIII of the General Agreement on Tariffs and Trade 1994 (GATT) pursuant to Article IX of the Agreement establishing the WTO.
- (12) Given the urgency of the situation in Pakistan, the Regulation should apply as of 1 January 2011, provided that the WTO has approved the request from the Union for the waiver from its obligations under GATT Articles I and XIII.
- (13) In order to ensure an immediate and sustainable impact on the economic recovery of Pakistan in the aftermath of the floods it is recommended to limit the duration of the trade preferences until 31 December 2013.

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<sup>2</sup> OJ L 253, 11.10.1993, p. 1.

- (14) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>3</sup>.
- (15) Amendments to the Combined Nomenclature may not give rise to any substantive changes to the nature of the autonomous trade preferences. The Commission should therefore be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union for the purpose of making necessary amendments and technical adaptations to the list of goods for which the autonomous trade preference applies,

HAVE ADOPTED THIS REGULATION:

*Article 1*  
*Preferential arrangements*

1. Products originating in Pakistan included in Annex I shall be exempt from customs duties upon import into the Union.
2. Products originating in Pakistan and included in Annex II shall be admitted for import into the Union subject to the special provisions laid down in Article 3.

*Article 2*  
*Conditions for entitlement to the preferential arrangements*

Entitlement to benefit from the arrangements introduced by Article 1 shall be subject to:

- (a) compliance with the rules of origin of products and the procedures related thereto as provided for in Title IV, Chapter 2, Section 1, sub-section 1 and 2 of Regulation (EEC) No 2454/93. However, as regards cumulation of origin for the purpose of the determination of originating status of products covered by the arrangements introduced in Article 1, only cumulation with the materials originating in the EU is allowed. Regional cumulation and other types of cumulation with the exception of the cumulation with the EU originating materials, is not allowed;
- (b) compliance with the methods of administrative cooperation as provided for in Title IV, Chapter 2, Section 1, sub-section 3 of Regulation (EEC) No 2454/93;
- (c) certificates of origin Form A issued by the competent authorities of Pakistan pursuant to this Regulation should bear the following endorsement in box 4 “Autonomous measure – Regulation (EU) No .../2010<sup>4</sup>”.

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<sup>3</sup> OJ L 184, 17.7.1999, p. 23.

<sup>4</sup> OJ L xxx, xx.xx.xxxx, p. x.

*Article 3*  
*Tariff quotas*

1. Products listed in Annex II shall be admitted for import into the Union with the exemption of customs duties within the limits of Union tariff quotas as set out in that Annex.
2. The tariff quotas referred to in paragraph 1 and listed in Annex II shall be administered by the Commission in accordance with Articles 308a, 308b and 308c of Regulation (EEC) No 2454/93.

*Article 4*  
*Amendment of the Annexes*

The Commission may adopt delegated acts in accordance with Article 5 for the purpose of amending the Annexes in order to introduce amendments and technical adjustments necessary following amendments to the Combined Nomenclature codes and to the TARIC subdivisions.

*Article 5*  
*Exercise of the delegation*

1. The power to adopt the delegated acts referred to in Article 4 shall be conferred on the Commission for an indeterminate period of time.
2. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
3. The powers to adopt delegated acts are conferred on the Commission subject to the conditions laid down in Articles 6 and 7.

*Article 6*  
*Revocation of the delegation*

1. The delegation of power referred to in Article 4 may be revoked at any time by the European Parliament or by the Council.
2. The institution which has commenced internal procedure for deciding whether to revoke the delegation of power shall endeavour to inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers which could be subject to revocation and the reasons for a revocation.
3. The decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the *Official Journal of the European Union*.

*Article 7*  
*Objections to delegated acts*

1. The European Parliament and the Council may object to the delegated act within a period of two months from the date of notification. At the initiative of the European Parliament or the Council this period shall be extended by one month.
2. If, on expiry of that period, neither the European Parliament nor the Council has objected to the delegated act it shall be published in the *Official Journal of the European Union* and shall enter into force on the date stated therein.

The delegated act may be published in the *Official Journal of the European Union* and enter into force before the expiry of that period if the European Parliament and the Council have both informed the Commission of their intention not to raise objections.

3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.

*Article 8*  
*Committee procedure*

1. The Commission shall be assisted by the Customs Code Committee.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply. The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

*Article 9*  
*Temporary suspension*

1. Where the Commission finds that there is sufficient evidence of failure to comply with the conditions set out in Article 2 it may take measures to suspend in whole or in part the preferential arrangements provided for in this Regulation for a period of not more than six months, provided that it has first:
  - (a) informed the Committee;
  - (b) called on the Member States to take such precautionary measures as are necessary in order to safeguard the financial interests of the Union or to secure compliance by Pakistan with Article 2(1);
  - (c) published a notice in the *Official Journal of the European Union* stating that there are grounds for reasonable doubts concerning the application of the preferential arrangements or compliance with Article 2(1) by Pakistan which may call into question its right to continue enjoying the benefits granted by this Regulation;
  - d) informed Pakistan of any decision taken in accordance with this paragraph, before it becomes effective.



2. The measures referred to in paragraph 1 shall be adopted in accordance with the procedure referred to in Article 6.
3. On conclusion of the period of suspension, the Commission shall decide either to terminate the provisional suspension measure or to extend the suspension measure in accordance with the procedure provided for in paragraph 1.
4. Member States shall communicate to the Commission all relevant information that may justify the suspension of preferences or the extension of suspension measures.

*Article 10*

*Entry into force and application*

1. This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.
2. It shall apply from 1 January 2011 provided that the tariff preferences provided for in this Regulation are permitted by a waiver granted by the World Trade Organisation. In case the World Trade Organisation grants such a waiver after 1 January 2011, it shall apply from such later date on which the waiver takes effect.
3. The Commission shall publish a notice in the *Official Journal of the European Union* to inform operators of the date on which the waiver is granted by the World Trade Organization. If after 1 January 2011 the date specified shall be the date from which the tariff preferences apply pursuant to the second sentence of paragraph 2.
4. This Regulation shall apply until 31 December 2013.
5. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## ANNEX I

### Products for which the customs duty is exempted

The products on which the measures are to apply are identified by their eight-digit CN codes. The description of these codes can be found in Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff. The description of the CN codes is given for information purposes only.

CN Code	Description
07123900	DRIED MUSHROOMS AND TRUFFLES, WHOLE, CUT, SLICED, BROKEN OR IN POWDER, BUT NOT FURTHER PREPARED (EXCL. MUSHROOMS OF THE GENUS "AGARICUS", WOOD EARS (AURICULARIA SPP) AND JELLY FUNGI (TREMELLA SPP))
41079210	GRAIN SPLITS LEATHER "INCL. PARCHMENT-DRESSED LEATHER", OF THE PORTIONS, STRIPS OR SHEETS OF HIDES AND SKINS OF BOVINE "INCL. BUFFALO" ANIMALS, FURTHER PREPARED AFTER TANNING OR CRUSTING, WITHOUT HAIR ON (EXCL. CHAMOIS LEATHER, PATENT LEATHER AND PATENT LAMINATED LEATHER)
41079910	LEATHER (INCL. PARCHMENT-DRESSED LEATHER) OF THE PORTIONS, STRIPS OR SHEETS OF HIDES AND SKINS OF BOVINE "INCL. BUFFALO" ANIMALS, FURTHER PREPARED AFTER TANNING OR CRUSTING, WITHOUT HAIR ON (EXCL. UNSPLIT FULL GRAINS LEATHER, GRAIN SPLITS LEATHER, CHAMOIS)
42032100	SPECIALLY DESIGNED GLOVES FOR USE IN SPORT, OF LEATHER OR COMPOSITION LEATHER
42032910	PROTECTIVE GLOVES OF LEATHER OR COMPOSITION LEATHER, FOR ALL TRADES
42032991	MEN'S AND BOYS' GLOVES, MITTENS AND MITTS, OF LEATHER OR COMPOSITION LEATHER (EXCL. SPECIAL SPORTS GLOVES AND PROTECTIVE GLOVES FOR ALL TRADES)
42032999	GLOVES, MITTENS AND MITTS, OF LEATHER OR COMPOSITION LEATHER (EXCL. MEN'S AND BOYS', SPECIAL SPORTS GLOVES AND PROTECTIVE GLOVES FOR ALL TRADES)
52051200	SINGLE COTTON YARN, OF UNCOMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 232,56 DECITEX TO $<$ 714,29 DECITEX "> MN 14 TO MN 43" (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52052200	SINGLE COTTON YARN, OF COMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 232,56 DECITEX TO $<$ 714,29 DECITEX "> MN 14 TO MN 43" (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52052300	SINGLE COTTON YARN, OF COMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 192,31 DECITEX TO $<$ 232,56 DECITEX "> MN 43 TO MN 52" (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52052400	SINGLE COTTON YARN, OF COMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 125 DECITEX TO $<$ 192,31 DECITEX "> MN 52 TO MN 80" (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52053200	MULTIPLE "FOLDED" OR CABLED COTTON YARN, OF UNCOMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 232,56 DECITEX TO $<$ 714,29 DECITEX "> MN 14 TO MN 43" PER SINGLE YARN (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52054200	MULTIPLE "FOLDED" OR CABLED COTTON YARN, OF COMBED FIBRES, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WITH A LINEAR DENSITY OF 232,56 DECITEX TO $<$ 714,29 DECITEX "> MN 14 TO MN 43" PER SINGLE YARN (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)"
52081190	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 100 G/M <sup>2</sup> , UNBLEACHED (EXCL. FABRICS FOR THE MANUFACTURE OF BANDAGES, DRESSINGS AND MEDICAL GAUZES)
52081216	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 100 G TO 130 G/M <sup>2</sup> , UNBLEACHED, WITH A WIDTH OF $\leq$ 165 CM
52081219	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 100 G TO 130 G/M <sup>2</sup> , UNBLEACHED, WITH A WIDTH OF $>$ 165 CM

52081300	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 200 G/M <sup>2</sup> , IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, UNBLEACHED
52081900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 200 G/M <sup>2</sup> , UNBLEACHED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52082190	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 100 G/M <sup>2</sup> , BLEACHED (EXCL. FABRICS FOR THE MANUFACTURE OF BANDAGES, DRESSINGS AND MEDICAL GAUZES)
52082219	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 100 G TO 130 G/M <sup>2</sup> , BLEACHED, WITH A WIDTH OF $>$ 165 CM
52082296	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 130 G TO 200 G/M <sup>2</sup> , BLEACHED, WITH A WIDTH OF $\leq$ 165 CM
52082900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 200 G/M <sup>2</sup> , BLEACHED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52083900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 200 G/M <sup>2</sup> , DYED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52085100	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 100 G/M <sup>2</sup> , PRINTED
52085200	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 100 G TO 200 G/M <sup>2</sup> , PRINTED
52085990	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $\leq$ 200 G/M <sup>2</sup> , PRINTED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52091100	PLAIN WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , UNBLEACHED
52091200	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, UNBLEACHED
52091900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , UNBLEACHED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52092200	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, BLEACHED
52092900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , BLEACHED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52093200	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, DYED
52093900	WOVEN FABRICS OF COTTON, CONTAINING $\geq$ 85% COTTON BY WEIGHT AND WEIGHING $>$ 200 G/M <sup>2</sup> , DYED (EXCL. THOSE IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, AND PLAIN WOVEN FABRICS)
52111200	WOVEN FABRICS OF COTTON, CONTAINING PREDOMINANTLY, BUT $<$ 85% COTTON BY WEIGHT, MIXED PRINCIPALLY OR SOLELY WITH MAN-MADE FIBRES AND WEIGHING $>$ 200 G/M <sup>2</sup> , IN THREE-THREAD OR FOUR-THREAD TWILL, INCL. CROSS TWILL, UNBLEACHED
54078100	WOVEN FABRICS OF YARN CONTAINING PREDOMINANTLY, BUT $<$ 85% SYNTHETIC FILAMENT BY WEIGHT, INCL. MONOFILAMENT OF $\geq$ 67 DECITEX AND A MAXIMUM DIAMETER OF $\leq$ 1 MM, MIXED PRINCIPALLY OR SOLELY WITH WOOL, UNBLEACHED OR BLEACHED
54078200	WOVEN FABRICS OF YARN CONTAINING PREDOMINANTLY, BUT $<$ 85% SYNTHETIC FILAMENT BY WEIGHT, INCL. MONOFILAMENT OF $\geq$ 67 DECITEX AND A MAXIMUM DIAMETER OF $\leq$ 1 MM, MIXED PRINCIPALLY OR SOLELY WITH WOOL, DYED
55095300	YARN CONTAINING PREDOMINANTLY, BUT $<$ 85% POLYESTER STAPLE FIBRES BY WEIGHT, MIXED PRINCIPALLY OR SOLELY WITH COTTON (EXCL. SEWING THREAD AND YARN PUT UP FOR RETAIL SALE)

55131120	PLAIN WOVEN FABRICS CONTAINING PREDOMINANTLY, BUT < 85% POLYESTER STAPLE FIBRES BY WEIGHT, MIXED PRINCIPALLY OR SOLELY WITH COTTON AND WEIGHING <= 170 G/M <sup>2</sup> , UNBLEACHED OR BLEACHED, WITH A WIDTH OF <= 165 CM
55132100	PLAIN WOVEN FABRICS CONTAINING PREDOMINANTLY, BUT < 85% POLYESTER STAPLE FIBRES BY WEIGHT, MIXED PRINCIPALLY OR SOLELY WITH COTTON AND WEIGHING <= 170 G/M <sup>2</sup> , DYED
55134100	PLAIN WOVEN FABRICS CONTAINING PREDOMINANTLY, BUT < 85% POLYESTER STAPLE FIBRES BY WEIGHT, MIXED PRINCIPALLY OR SOLELY WITH COTTON AND WEIGHING <= 170 G/M <sup>2</sup> , PRINTED
61012090	MEN'S OR BOYS' ANORAKS, INCL. SKI JACKETS, WINDCHEATERS, WIND-JACKETS AND SIMILAR ARTICLES OF COTTON, KNITTED OR CROCHETED (EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, BIB AND BRACE OVERALLS AND TROUSERS)
61033200	MEN'S OR BOYS' JACKETS AND BLAZERS OF COTTON, KNITTED OR CROCHETED (EXCL. WIND-JACKETS AND SIMILAR ARTICLES)
61034200	MEN'S OR BOYS' TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF COTTON, KNITTED OR CROCHETED (EXCL. SWIMWEAR AND UNDERPANTS)
61072100	MEN'S OR BOYS' NIGHTSHIRTS AND PYJAMAS OF COTTON, KNITTED OR CROCHETED (EXCL. VESTS AND SINGLET)
61083100	WOMEN'S OR GIRLS' NIGHTDRESSES AND PYJAMAS OF COTTON, KNITTED OR CROCHETED (EXCL. T-SHIRTS, VESTS AND NEGLIGES)
61099020	T-SHIRTS, SINGLET AND OTHER VESTS OF WOOL OR FINE ANIMAL HAIR OR MAN-MADE FIBRES, KNITTED OR CROCHETED
61112090	BABIES' GARMENTS AND CLOTHING ACCESSORIES, OF COTTON, KNITTED OR CROCHETED (EXCL. GLOVES, MITTENS, MITTS AND HATS)
61121200	TRACK-SUITS OF SYNTHETIC FIBRES, KNITTED OR CROCHETED
61159500	FULL-LENGTH OR KNEE-LENGTH STOCKINGS, SOCKS AND OTHER HOSIERY, INCL. FOOTWEAR WITHOUT APPLIED SOLES, OF COTTON, KNITTED OR CROCHETED (EXCL. GRADUATED COMPRESSION HOSIERY, PANTYHOSE AND TIGHTS, WOMEN'S FULL-LENGTH OR KNEE-LENGTH STOCKINGS, MEASURING PER SINGLE YARN< 67 DECITEX
61161020	GLOVES, IMPREGNATED, COATED OR COVERED WITH RUBBER, KNITTED OR CROCHETED
61161080	MITTENS AND MITTS, IMPREGNATED, COATED OR COVERED WITH PLASTICS OR RUBBER, KNITTED OR CROCHETED, AND GLOVES, IMPREGNATED, COATED OR COVERED WITH PLASTICS, KNITTED OR CROCHETED
61169200	GLOVES, MITTENS AND MITTS, OF COTTON, KNITTED OR CROCHETED (EXCL. IMPREGNATED, COATED OR COVERED WITH PLASTICS OR RUBBER, AND FOR BABIES)
61169300	GLOVES, MITTENS AND MITTS, OF SYNTHETIC FIBRES, KNITTED OR CROCHETED (EXCL. IMPREGNATED, COATED OR COVERED WITH PLASTICS OR RUBBER, AND FOR BABIES)
62019300	MEN'S OR BOYS' ANORAKS, WINDCHEATERS, WIND JACKETS AND SIMILAR ARTICLES, OF MAN-MADE FIBRES (NOT KNITTED OR CROCHETED AND EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, TROUSERS AND TOPS OF SKI SUITS)
62034319	MEN'S OR BOYS' TROUSERS AND BREECHES OF SYNTHETIC FIBRES (EXCL. KNITTED OR CROCHETED, INDUSTRIAL AND OCCUPATIONAL, BIB AND BRACE OVERALLS AND UNDERPANTS)
62042280	WOMEN'S OR GIRLS' ENSEMBLES, OF COTTON (NOT KNITTED OR CROCHETED AND EXCL. INDUSTRIAL AND OCCUPATIONAL CLOTHING, TRACKSUITS, SKI ENSEMBLES AND SWIMWEAR)
62046231	WOMEN'S OR GIRLS' COTTON DENIM TROUSERS AND BREECHES (EXCL. INDUSTRIAL AND OCCUPATIONAL, BIB AND BRACE OVERALLS AND PANTIES)
62046290	WOMEN'S OR GIRLS' COTTON SHORTS (EXCL. KNITTED OR CROCHETED, PANTIES AND SWIMWEAR)
62079100	MEN'S OR BOYS' SINGLET AND OTHER VESTS, BATHROBES, DRESSING GOWNS AND SIMILAR ARTICLES OF COTTON (EXCL. KNITTED OR CROCHETED, UNDERPANTS, NIGHTSHIRTS AND PYJAMAS)
62089100	WOMEN'S OR GIRLS' SINGLET AND OTHER VESTS, BRIEFS, PANTIES, NEGLIGES, BATHROBES, DRESSING GOWNS, HOUSECOATS AND SIMILAR ARTICLES OF COTTON (EXCL. KNITTED OR CROCHETED, SLIPS, PETTICOATS, NIGHTDRESSES AND PYJAMAS, BRASSIERES, GIRDLES, CORSETS AND SIMILAR ARTICLES)

62114290	WOMEN'S OR GIRLS' GARMENTS, OF COTTON, N.E.S. (NOT KNITTED OR CROCHETED)
62114310	WOMEN'S OR GIRLS' APRONS, OVERALLS, SMOCK-OVERALLS AND OTHER INDUSTRIAL AND OCCUPATIONAL CLOTHING, OF MAN-MADE FIBRES (EXCL. KNITTED OR CROCHETED)
62160000	GLOVES, MITTENS AND MITTS, OF ALL TYPES OF TEXTILE MATERIALS (EXCL. KNITTED OR CROCHETED AND FOR BABIES)
63026000	TOILET LINEN AND KITCHEN LINEN, OF TERRY TOWELLING OR SIMILAR TERRY FABRICS OF COTTON (EXCL. FLOORCLOTHS, POLISHING CLOTHS, DISHCLOTHS AND DUSTERS)
63029100	TOILET LINEN AND KITCHEN LINEN OF COTTON (EXCL. OF TERRY FABRICS, FLOORCLOTHS, POLISHING CLOTHS, DISHCLOTHS AND DUSTERS)
63039100	CURTAINS, INCL. DRAPES, AND INTERIOR BLINDS, CURTAIN OR BED VALANCES OF COTTON (EXCL. KNITTED OR CROCHETED, AWNINGS AND SUNBLINDS)
63039290	CURTAINS, INCL. DRAPES, AND INTERIOR BLINDS, CURTAIN OR BED VALANCES OF SYNTHETIC FIBRES (EXCL. NONWOVENS, KNITTED OR CROCHETED, AWNINGS AND SUNBLINDS)
63039990	CURTAINS, INCL. DRAPES, AND INTERIOR BLINDS, CURTAIN OR BED VALANCES OF TEXTILE MATERIALS (EXCL. OF COTTON AND SYNTHETIC FIBRES OR OF NONWOVENS, KNITTED OR CROCHETED, AWNINGS AND SUNBLINDS)
63049200	ARTICLES FOR INTERIOR FURNISHING, OF COTTON (EXCL. KNITTED OR CROCHETED, BLANKETS AND TRAVELLING RUGS, BEDLINEN, TABLE LINEN, TOILET LINEN, KITCHEN LINEN, CURTAINS, INCL. DRAPES, INTERIOR BLINDS, CURTAIN OR BED VALANCES, BEDSPREADS, LAMPSHADES AND ART)
63071090	FLOORCLOTHS, DISHCLOTHS, DUSTERS AND SIMILAR CLEANING CLOTHS, OF ALL TYPES OF TEXTILE MATERIALS (EXCL. KNITTED OR CROCHETED AND NONWOVENS)
63079099	MADE-UP ARTICLES OF TEXTILE MATERIALS, INCL. DRESS PATTERNS, N.E.S. (EXCL. OF FELT, AND KNITTED OR CROCHETED)
64039993	FOOTWEAR NON-IDENTIFIABLE AS MEN'S OR WOMEN'S FOOTWEAR, WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER AND UPPERS OF LEATHER, WITH IN-SOLES OF A LENGTH OF $\geq$ 24 CM (EXCL. FOOTWEAR COVERING THE ANKLE; WITH A PROTECTIVE METAL TOECAP)
64039996	MEN'S FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER, WITH UPPERS OF LEATHER (NOT COVERING THE ANKLE), WITH IN-SOLES OF A LENGTH $\geq$ 24 CM (EXCL. 6403.11-00 TO 6403.40.00, 6403.99.11, 6403.99.36, 6403.99.50)
64039998	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER AND UPPERS OF LEATHER, WITH IN-SOLES OF A LENGTH OF $\geq$ 24 CM, FOR WOMEN (EXCL. FOOTWEAR COVERING THE ANKLE; WITH A PROTECTIVE METAL TOECAP; WITH A MAIN SOLE OF WOOD, WITHOUT IN-SOLE)

## ANNEX II

### **Product subject to annual duty free tariff quotas referred to in Article 3.**

The products on which the measures are to apply are identified by their eight-digit CN codes. The description of these codes can be found in Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff. The description of the CN codes is given for information purposes only.

Order No	CN Code	Description	2011	2012	2013
09.2401	2207 1000	UNDENATURED ETHYL ALCOHOL, OF ACTUAL ALCOHOLIC STRENGTH OF >= 80%	100 000 tonnes	100 000 tonnes	100 000 tonnes

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

**1. NAME OF THE PROPOSAL:**

Regulation of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan

**2. BUDGET LINES:**

Chapter 12, Article 120

Amount budgeted for the year concerned: €14 079.7 million (B2010)

**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:

(€million to one decimal place)

Budget line	Revenue <sup>5</sup>	2010	2011
Article 120	<i>Impact on own resources</i>	-	- 61.8

Situation following action					
	2012	2013	[n+3]	[n+4]	[n+5]
Article 120...	- 61.8	- 61.8			

<sup>5</sup> Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % of collection costs.

#### **4. ANTI-FRAUD MEASURES**

The Regulation would make the entitlement to the preferential arrangements by Pakistan subject to Pakistan's compliance with the rules of origin of products and the procedures related thereto, compliance with the methods of administrative cooperation, and involvement in effective administrative cooperation with the Union in order to prevent any risk of fraud.

#### **5. OTHER REMARKS**

The loss in tariff revenue is calculated as the difference between the tariff revenue based on current EU imports and tariffs vis-à-vis Pakistan (the proposal covers less than €900million worth of EU imports from Pakistan) and the tariff revenue which would be obtained if these imports from Pakistan were liberalised. This yields an estimated loss in tariff revenue of €77.6 million. To this figure one needs to add trade diversion (by country and product) which might result in a loss of revenue of €6.7 million.

In total the gross loss in customs duties amounts to €82.4 million, while the net loss would be 25% lower (Member States' collection costs) at €61.8 million. These figures build on the assumption that Pakistan currently fully makes use of its preferential access to the EU market. To convert these figures into annual figures, it is assumed that the underlying trade flows remain constant.