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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	26 May 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 299 final
Subject:	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

Delegations will find attached document COM(2016) 299 final.

Encl.: COM(2016) 299 final



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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 where production in the Union is insufficient to meet the needs of the user industry in the Union. Tariff quotas of the Union 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 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 Union demand for the products in question could be met under the most favourable conditions.

The Regulation is updated every semester with the objective of accommodating the needs of the EU industry. The Commission, assisted by the Economic Tariff Questions Group (ETQG), has reviewed all requests for autonomous tariff quotas duties forwarded by the Member States.

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 of the Council Regulation (EU) No 1388/2013. In relation to some other products the wording of the description has to be changed, new TARIC codes should be assigned, an end date needs to be added, or an increase of the initial quota volume became necessary. Products for which a tariff quota is no longer in the Union's economic interest are proposed to be withdrawn.

- **Consistency with existing policy provisions in the policy area**

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

- **Consistency with other Union policies**

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

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 exclusive competence of the Union. The subsidiarity principle therefore does not apply.

- **Proportionality**

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). This Regulation does not go beyond what is necessary in order to achieve the objectives pursued in accordance with Article 5(4) of the Treaty on European Union.

- **Choice of the instrument**

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.

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 has been part of an evaluation study on autonomous tariff suspensions which was carried out in 2013, as autonomous quotas are measures similar to autonomous suspensions, apart from the fact that quotas have a limited import volume. The evaluation concluded that the core rationale for the scheme remains valid. The cost savings for EU businesses that import goods under the scheme can be significant. In turn, these savings can lead to wider benefits (such as higher competitive abilities, more efficient production methods, creation or maintenance of EU jobs etc.), depending on the product, company and sector in question.

- **Stakeholder consultations**

The assessment of this proposal has been carried out with the assistance of the ETQG, which 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 or amendment) 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 discussion within the ETQG and consultation by Member States of the concerned industries, associations, chambers of commerce and other stakeholders involved.

All listed quotas correspond to agreements or compromises reached in the discussion of the ETQG. There was no mention of potentially serious risks with irreversible consequences.

- **Collection and use of expertise**

Not applicable

- **Impact assessment**

The proposed amendment is a technical one concerning only the coverage of quotas listed in the Annex. The Regulation remains otherwise identical to the existing Council Regulation. Thus no impact assessment was carried out for this proposal.

- **Regulatory fitness and simplification**

Not applicable

- **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 2.8 Mio €/year. The effect on the traditional own resources of the budget is – 2 773 841 EUR/year (75% x 3 698 455 EUR /year).

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

5. OTHER ELEMENTS

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

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

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.

- **Explanatory documents (for directives)**

Not applicable

- **Detailed explanation of the specific provisions of the proposal**

Not applicable

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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

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 1388/2013¹. 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 2016, tariff quotas at zero duty rates for an appropriate volume as regards nine new products.
- (2) Moreover, in certain cases, the existing autonomous tariff quotas of the Union should be adapted. In the case of one product, it is necessary to amend the product description for clarification purposes. In the case of three other products, the quota volumes need to be increased as such increase is in the interest of economic operators and the Union.
- (3) Finally, in case of one product, the autonomous tariff quotas of the Union should be closed with effect from 1 July 2016 as it is not in the Union's interest to continue granting it as of that date.
- (4) Regulation (EU) No 1388/2013 should therefore be amended accordingly.
- (5) As the changes regarding the suspensions for the products concerned provided for in this Regulation have to apply from 1 July 2016, this Regulation should enter into force as a matter of urgency,

¹ 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:

- (a) the rows for the tariff quotas with order numbers 09.2691, 09.2692, 09.2693, 09.2696, 09.2697, 09.2698, 09.2699, 09.2694 and 09.2695 set out in Annex I to this Regulation are inserted following the order of the CN codes indicated in the second column of the table in the Annex to Regulation (EU) No 1388/2013;
- (b) the rows for the tariff quotas with order numbers 09.2637, 09.2703, 09.2683 and 09.2659 are replaced by the rows set out in Annex II to this Regulation;
- (c) the row for the tariff quota with order number 09.2689 is deleted.

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 2016.

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 2016: €18 465 300 000 €(B 2016)

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 ²	6 month period, starting dd/mm/aaaa	[Year: 2/2016]
Article 120	<i>Impact on own resources</i>	01/07/2016	- 1,4

(€million to one decimal place)

Situation following action	
	[2017 and following years]
Article 120	- 2,8/ year

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at 2,8 MEUR/year from 01.01.2017 onwards (3,7 MEUR gross amount x 0,75) and 1,4 MEUR for the period 01.07.2016 – 31.12.2016.

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

² 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

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.