



Council of the  
European Union

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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	9 December 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 784 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

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Delegations will find attached document COM(2016) 784 final.

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Encl.: COM(2016) 784 final



Brussels, 9.12.2016  
COM(2016) 784 final

2016/0388 (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 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 reduced or zero 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 (hereinafter "the Regulation"), so that Union demand for the products in question could be met under the most favourable conditions.

The Regulation is amended 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 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 Regulation. In relation to some other products the wording of the description needs to be changed, new TARIC codes should be assigned, an end date needs to be added, or an increase/decreased of the initial quota volume became necessary. Products for which a tariff quota is no longer in the Union's economic interest should be withdrawn.

For reasons of clarity it is advisable to publish a consolidated version of the Annex to Council Regulation (EU) No 1388/2013, which will fully replace the previous Annex.

- **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 European Union (e.g. Generalized Scheme of Preferences, African, Caribbean and Pacific (ACP) countries regime, Free Trade Agreements, candidate countries and potential candidates).

- **Consistency with other Union policies**

The proposal is in line with Union policies in the area of 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 exclusive competence of the Union. The subsidiarity principle therefore does not apply.

- **Proportionality**

The proposal complies with the principle of proportionality as the envisaged measures are in line with the principles to simplify the procedures for the operators engaged in foreign trade and in accordance with the Commission Communication concerning autonomous tariff suspensions and quotas<sup>1</sup>. This proposal 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 (TEU).

- **Choice of the instrument**

By virtue of Article 31 of 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 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**

This proposal has been prepared with the assistance of the ETQG, which brings together delegates from all Member States plus Turkey.

Each request (new or amendment) has been assessed carefully by the group. In examining each case, particular attention has been paid to the need to prevent any harm for EU producers and to strengthen the competitiveness of EU production.

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.

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<sup>1</sup> OJ C 363, 13.12.2011, p. 6.

- **Impact assessment**

The proposed amendment is a technical one concerning only the coverage of quotas listed in the Annex to Regulation (EU) No 1388/2013. Thus no impact assessment was carried out for this proposal.

- **Fundamental rights**

The proposal has no impact on fundamental rights.

#### **4. BUDGETARY IMPLICATIONS**

This proposal has no financial impact on expenditure but has a financial impact on revenue which leads to a decrease of uncollected customs duties of a total amount of approximately 15,2 Mio €/year. The effect on the traditional own resources of the budget is 12,2 Mio €/year (80% x 15,2 Mio €/year).

#### **5. OTHER ELEMENTS**

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

The measures proposed are treated within the framework of TARIC (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 the 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.

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**

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<sup>2</sup>. 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 January 2017, tariff quotas at zero duty rates for an appropriate volume as regards eleven new products.
- (2) In certain cases, the existing autonomous tariff quotas of the Union should be adapted. In the case of eleven products, the TARIC codes should be changed in view of classification changes in the Combined Nomenclature<sup>3</sup>. For two products, the product description should be amended for clarification purposes and in order to take into account the most recent product developments. In the case of one product, the quota volumes should be increased in the interest of economic operators of the Union and in two cases the quota volume should be decreased.
- (3) In the case of six products, the autonomous tariff quota of the Union should be closed with effect from 1 January 2017 as it is not in the Union's interest to continue granting it as from that date.
- (4) Due to the number of amendments to be made in the Annex to Regulation (EU) No 1388/2013, in the interest of clarity and rationality, that Annex should be replaced.
- (5) Regulation (EU) No 1388/2013 should therefore be amended accordingly.

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<sup>2</sup> 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).

<sup>3</sup> Commission Implementing Regulation (EU) No 2016/1821 of 6 October 2016 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- (6) As the changes to the tariff quotas provided for in this Regulation must take effect on 1 January 2017, this Regulation should apply from that date,

HAS ADOPTED THIS REGULATION:

*Article 1*

The Annex to Regulation (EU) No 1388/2013 is replaced by the text set out in the Annex to this Regulation.

*Article 2*

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

It shall apply from 1 January 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: 20 000 500 000€(B 2017)

### 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>4</sup>	[Year: 2017]
Article 120	<i>Impact on own resources</i>	+ 12.2/year

This Annex contains 11 new products. The uncollected duties corresponding to these quotas, calculated on the basis of requesting Member State projections for the year 2017, amount to 5,13 Mio €/year.

On the basis of the above, the annual impact on the loss of revenue for the EU budget resulting from this Regulation is estimated at 4 106 671 EUR/year from 01.01.2017 onwards (5 133 339 EUR gross amount x 0,8).

Six products have been withdrawn from this Annex reflecting the reintroduction of customs duties. This represents an annual increase of 16 309 000 Mio € in revenue for the EU budget, as estimated on the basis of 2015 statistics.

Therefore, this Regulation will result in an annual increase of revenue for the EU budget estimated to the amount of 12 202 329 EUR (16 309 000 EUR – 4 106 671 EUR).

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<sup>4</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 20 % 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.