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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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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(2014) 261 final.

Encl.: COM(2014) 261 final



EUROPEAN
COMMISSION

Brussels, 14.5.2014
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2014/0137 (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

Autonomous tariff quotas of the Union are needed for products where production in the Union is insufficient to meet the needs of the user industry in the Union for the current quota period. In response to requests from several Member States, the Commission, together with the government experts concerned, considered whether to open autonomous tariff quotas for certain agricultural and industrial 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.

Tariff quotas of the Union should be opened at zero or reduced duty rates for appropriate volumes, without disturbing the markets for such products. Discussions at meetings of the Economic Tariff Questions Group showed that the Member States were ready to open quotas for the products listed in Annex I to this proposal for a Regulation, without disturbing the markets for such products.

Furthermore, it became necessary to adapt the quotas listed in Annex II to this proposal:

for order nos 09.2631 and 09.2806 the description had to be changed,

for order no 09.2629 a TARIC code had to be deleted and

for order nos 09.2818, 09.2668 and 09.2669 the volumes were increased.

The autonomous tariff quota with order no 09.2930 is been deleted from the Annex of Council Regulation (EU) No 1388/2013, as it is not in the interest of the Union to continue granting such quota.

The proposal is in line with agricultural, trade, enterprise, development and external relations policies. Especially this proposal is not at the expense of countries enjoying a preferential trading agreement with the EU (e.g. GSP, ACP regime, candidate countries and potential candidates).

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

The Economic Tariff Questions Group, in which the competent authorities of all Member State are represented, was consulted. All listed quotas correspond to agreements or compromises reached in the discussions of the group.

There was no mention of potentially serious risks with irreversible consequences.

This proposal will follow an inter service consultation procedure and will be published after its adoption by the Council.

3. LEGAL ELEMENTS OF THE PROPOSAL

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

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.

The proposal falls under the exclusive competence of the Union. The subsidiary principle therefore does not apply.

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).

4. BUDGETARY IMPLICATION

Uncollected customs duties of a total amount of approximately 5,9 Mio €/year. The effect on the traditional own resources of the budget is - 4,4 Mio €/year (75% x 5,9 Mio €/year).

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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 supplies 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 2014, tariff quotas at zero duty rates for an appropriate volume concerning six new products.
- (2) Moreover, in certain cases, the existing autonomous tariff quotas of the Union should be adapted. In two cases the product description needs to be modified for clarification purposes and in order to take into account the newest product developments. In another case one of the TARIC codes needs to be deleted as the double classification has become obsolete and in three other cases, the quota volumes need to be increased as it is in the interest of economic operators and the Union.
- (3) Finally, in two cases, the autonomous tariff quotas of the Union should be closed with effect from 1 July 2014 and 1 January 2015, respectively, as it is not in the interest of the Union to continue granting such quotas as of those dates.
- (4) Regulation (EU) No 1388/2013 should therefore be amended accordingly.
- (5) As some of the changes to the tariff quotas provided for in this Regulation have to take effect on 1 July 2014, this Regulation should apply from that date and enter into force on the day of its publication in the *Official Journal of the European Union*,

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:

- (1) the rows for the tariff quotas with order numbers 09.2830, 09.2831, 09.2832, 09.2834, 09.2835, and 09.2836 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;
- (2) the rows for the tariff quotas with order numbers 09.2629, 09.2631, 09.2639, 09.2668, 09.2669, 09.2806, and 09.2818 are replaced by the rows set out in Annex II to this Regulation;
- (3) the row for the tariff quota with order number 09.2930 is deleted;
- (4) the row for the tariff quota with order number 09.2639 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 2014.

However, point (4) of Article 1 shall apply from 1 January 2015.

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 2014: €16 185 600 000 €(B 2014)

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: 2/2014]
Article 120	<i>Impact on own resources</i>	01/07/2014	-2,2

(€million to one decimal place)

Situation following action	
	[2015-2018]
Article 120	-4,4 / year

The additions of this Regulation will result in an annual increase of uncollected duties estimated to the amount of 5,9 MEUR.

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at 4,4 MEUR/year from 01.01.2015 onwards (5,9 MEUR gross amount x 0,75) and 2,2 MEUR for the period 01.07.2014 - 31.12.2014.

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 Articles 291 to 300 of Commission Regulation (EEC) No 2454/93.