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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	19 May 2014
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 1387/2013 suspending the autonomous Common Customs Tariff duties on certain agricultural and industrial products

Delegations will find attached document COM(2014) 283 final.

Encl.: COM(2014) 283 final



EUROPEAN
COMMISSION

Brussels, 19.5.2014
COM(2014) 283 final

2014/0148 (NLE)

Proposal for a

COUNCIL REGULATION

**amending Regulation (EU) No 1387/2013 suspending the autonomous Common Customs
Tariff duties on certain agricultural and industrial products**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Commission, assisted by the Economic Tariff Questions Group (ETQG), has reviewed all requests for temporary suspension of autonomous Common Customs Tariff duties forwarded by the Member States. This proposal concerns a number of agricultural and industrial products. The suspension requests were examined in the light of the criteria set out in the Communication from the Commission concerning autonomous tariff suspensions and quotas (OJ C 363, 13.12.2011, p. 6). Following this review, the Commission considers that the suspension of duties is justified for the products listed in Annex I of this proposal. Also, Annex I lists i) products for which the wording of their description had to be changed and ii) products for which a new CN or TARIC code became necessary.

Products for which tariff suspension is no longer in the Union's economic interests have to be withdrawn. Accordingly, Annex II lists the products removed from the Annex I to Regulation (EU) No 1387/2013 and products for which the wording of their description had to be changed, or products for which a new CN or TARIC code became necessary, which are replaced by new description and/or codes in Annex I.

The list of relevant supplementary units in the Annex II to Regulation (EU) No 1387/2013 should be updated. Thus, Annex III contains the list of codes of the supplementary units of the products listed in Annex I of this proposal and Annex IV of the attached proposal lists codes of the supplementary units of the products removed from the Annex I of the above mentioned Regulation.

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

Particularly, 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 WITH 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 suspensions correspond to agreements or compromises reached in the discussions of the group.

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

Furthermore, the whole scheme of autonomous suspensions was subject to an evaluation study which was carried out in 2013 and completed beginning of December 2013 (http://ec.europa.eu/taxation_customs/resources/documents/common/publications/studies/evaluation_suspensions_duties.pdf).

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 91,8 Mio €/year. The effect on the traditional own resources of the budget is -68,8 Mio €/year (75% x 91.8 Mio €/year).

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amending Regulation (EU) No 1387/2013 suspending the autonomous Common Customs Tariff duties on 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) It is in the interest of the Union to suspend totally the autonomous Common Customs Tariff duties on 98 new products currently not listed in Annex I to Council Regulation (EU) No 1387/2013¹. Those new products should therefore be inserted in that Annex.
- (2) It is no longer in the interest of the Union to maintain the suspension of autonomous Common Customs Tariff duties for 7 of the products which are currently listed in Annex I to Regulation (EU) No 1387/2013. Those products should therefore be deleted from that Annex.
- (3) It is necessary to modify the product descriptions of 75 suspensions included in Annex I to Regulation (EU) No 1387/2013 in order to take account of technical product developments, economic trends on the market or to carry out linguistic adaptations. Moreover, TARIC codes for four further products should be changed. In addition, for three further products, multiple classification is necessary. The suspensions for which modifications are necessary should be deleted from the list of suspensions in Annex I to Regulation (EU) No 1387/2013, and the modified suspensions should be inserted in that list.
- (4) For four products it is necessary, in the interest of the Union, to amend the date for their mandatory review in order to allow duty free imports beyond that date. Those products have been reviewed and given revised dates for their next mandatory review. Therefore, they should be deleted from the list of suspensions in Annex I to Regulation (EU) No 1387/2013 and, after the necessary modifications, reintroduced into that list.
- (5) It is necessary to re-group four products falling under four different product descriptions. Those four products should now be covered by two product descriptions.

¹ Council Regulation (EU) No 1387/2013 of 17 December 2013 suspending the autonomous Common Customs Tariff duties on certain agricultural and industrial products and repealing Regulation (EU) No 1344/2011 (OJ L 354, 28.12.2013, p. 201).

Furthermore, the double classification of those four suspensions has become superfluous and should therefore be amended. The suspensions relating to the four products should therefore be deleted from the list of suspensions in Annex I to Regulation (EU) No 1387/2013 and the modified suspensions should be reinserted in that list.

- (6) In the interest of clarity, the modified entries should be marked with an asterisk.
- (7) Annex II to Regulation (EU) No 1387/2013 should be completed with supplementary units for certain of the new products for which suspensions are granted in order to allow an appropriate statistical monitoring. For reasons of consistency, the supplementary units assigned to the products removed from Annex I to Regulation (EU) No 1387/2013 should also be deleted from Annex II to that Regulation.
- (8) Regulation (EU) No 1387/2013 should therefore be amended accordingly.
- (9) Since the amendments laid down 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*,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EU) No 1387/2013 is amended as follows:

- (1) between the title and the table, the following note is inserted:

‘(*) Suspension relating to a product in this Annex with regard to which the CN or TARIC code or the product description or the mandatory review date were amended by Council Regulation (EU) No .../2014 of ... amending Regulation (EU) No 1387/2013 suspending the autonomous Common Customs Tariff duties on certain agricultural and industrial products (OJ ...)’;
- (2) the rows for the products listed in Annex I to this Regulation are inserted following the order of the CN codes indicated in the first column of the table contained in Annex I to Regulation (EU) No 1387/2013;
- (3) the rows for the products for which the CN and TARIC codes are set out in Annex II to this Regulation are deleted.

Article 2

Annex II to Regulation (EU) No 1387/2013 is amended as follows:

- (1) the rows for the supplementary units for which the CN and TARIC codes are set out in Annex III to this Regulation are added;
- (2) the rows for the supplementary units for which the CN and TARIC codes are set out in Annex IV to this Regulation are deleted.

Article 3

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.

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 1387/2013 suspending the autonomous Common Customs Tariff duties on 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

X 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	-34.4

(€million to one decimal place)

Situation following action	
	[2015 – 2018]
Article 120	- 68.8 / year

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 laying down provisions for the implementation of the Community Customs Code.

5. OTHER REMARKS

This proposal contains the amendments which must be made to the Annex to the existing Regulation in order to take account of the following:

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

1. new requests for suspension which have been presented and accepted;
2. technical product developments and economic trends on the market resulting in the lifting of certain existing suspensions.

Addition

This Annex, in addition to the amendments resulting from description or code changes, contains 98 new products. The uncollected duties corresponding to these suspensions, calculated on the basis of requesting Member State projections for the period 2013 to 2017, amount to 53,7 Mio €/year.

On the basis of the existing statistics for preceding years, it would appear, however, necessary to increase this amount by an average factor, estimated at 1,8 to take account of imports into other Member States using the same suspensions. This means uncollected duties loss of revenue of some 96,7 Mio €/year.

Withdrawal:

7 products have been withdrawn from this Annex reflecting the reintroduction of customs duties. This represents an increase of 4,9 Mio € in resources, as estimated on the basis of 2013 statistics.

Estimated cost of this operation

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at $96,7 - 4,9 = 91,8$ Mio € (gross amount, including collection costs) $\times 0,75 = 68,8$ Mio €/year for the period 01.07.2014 - 31.12.2018.