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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	17 November 2014
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2014) 693 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(2014) 693 final.

Encl.: COM(2014) 693 final



EUROPEAN
COMMISSION

Brussels, 17.11.2014
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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

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. 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 (ETQG) showed that the Member States were ready to open quotas for the products listed in the Annex to this proposal for a Regulation, without disturbing the markets for such products. ETQG 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, amended or rolled-over requests) has been assessed carefully by the group. In particular, preventing any harm for EU producers, the strengthening and consolidation of the competitiveness of EU production and the creation or maintenance of employment are part of the examination of each case. This assessment has been carried out by discussions within the group and consultation by Member States of the concerned industries, associations, chambres of commerce and other stakeholders involved.

For reasons of clarity it was decided to publish a consolidated version of the Annex to this regulation which will fully replace the Annex set out in Council Regulation (EU) No 1388/2013.

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 WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The ETQG, in which government experts from all Member State are represented, was consulted. All listed quotas correspond to agreements or compromises reached in the discussions of the group, as above mentioned.

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

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 15,9 Mio €/year. The effect on the traditional own resources of the budget is – EUR 11 913 967 /year (75% x EUR 15 885 290 /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 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 January 2015, tariff quotas at zero duty rates for an appropriate volume as regards nine additional products.
- (2) In certain cases, the existing autonomous tariff quotas of the Union should be adapted. In the case of three products, it is necessary to amend the product description for clarification purposes and in order to take into account the most recent product developments. In the case of seven other products the TARIC codes should be changed because of CN and classification changes. In the case of another product, the quota volume needs to be increased in the interest of economic operators of the Union. Also, for reasons of clarity one quota period should be specified and one order number should be changed.
- (3) In the case of one product, the autonomous tariff quota of the Union should be closed with effect from 1 January 2015 as it is not in the Union's interest to continue granting it as from that date.
- (4) Tariff quotas should be reviewed regularly with the possibility of deletion on request of a party concerned.
- (5) Due to the number of amendments to be made in the Annex to Regulation (EU) No 1388/2013, in the interests of clarity and rationality that Annex should be replaced.

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).

- (6) Regulation (EU) No 1388/2013 should therefore be amended accordingly.
- (7) As some of the changes to the tariff quotas provided for in this Regulation have to take effect on 1 January 2015, 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 Annex to this Regulation.

Article 2

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

It 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 2015: €16 701 200 000 €(B 2015)

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	[Year: 2015]
Article 120	<i>Impact on own resources</i>	-11,9/year

The additions of this Regulation will result in an annual increase of uncollected duties estimated to the amount of 15,9 MEUR.

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at 11 913 967 EUR/year from 01.01.2015 onwards (15 885 290 EUR gross amount x 0,75).

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.

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