



Council of the
European Union

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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	13 July 2015
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2015) 332 final
Subject:	Proposal for a COUNCIL DECISION on the position to be adopted on behalf of the European Union within the EU-Chile Association Committee relating to Appendix II to Annex III to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, concerning the product specific rules

Delegations will find attached document COM(2015) 332 final.

Encl.: COM(2015) 332 final



Brussels, 13.7.2015
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Proposal for a

COUNCIL DECISION

on the position to be adopted on behalf of the European Union within the EU-Chile Association Committee relating to Appendix II to Annex III to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, concerning the product specific rules

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Agreement between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, was signed in Brussels on 18 November 2002 and entered into force on 1 February 2003.

Annex III to the Association Agreement sets out the rules for originating products and Appendix II to Annex III provides the product-specific rules to determine the originating status of the products. The product-specific rules are based on a Harmonised System (HS) 2002 of classification of goods which is now outdated.

Chile and the European Union have agreed to update the product-specific rules by aligning them to the HS 2012, this being the most up-to-date classification. The aim is to ensure that the product-specific rules remain unchanged for those products that have been reclassified within the HS 2012. In cases where products move to a different chapter or heading the product-specific rules move with those products if the rules in the new chapter or heading are different from that of the old chapter or heading.

There are some minor precisions made to the product-specific rules in Chapter 72 relating to iron and steel. The rules applicable at the level of headings are not precise enough for determining the originating status of the products and, therefore, product-specific rules have been introduced at the level of the subheading.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 207(4) first subparagraph in conjunction with Article 218(9) of the Treaty on the Functioning of the European Union.

- **Subsidiarity (for non-exclusive competence)**

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

- **Proportionality**

The proposal does not go beyond what is necessary or appropriate to achieve the expected objectives.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

Not relevant. This proposal introduces amendments to a previous text.

- **Collection and use of expertise**

There was no need for external expertise.

- **Impact assessment**

This proposal introduces amendments to an existing bilateral trade agreement. There are no other options to be considered.

4. BUDGETARY IMPLICATIONS

The proposal has no implication for the Union budget.

5. OTHER ELEMENTS

None

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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 the first subparagraph of Article 207(4) in conjunction with Article 218(9) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The Association Council set up by Article 3 to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, (EU-Chile Association Agreement) is established to examine and adopt proposals from the Parties for the improvement of the EU-Chile Association Agreement. To help it fulfil its duties the Association Council is assisted by the Association Committee, which has been given the power to adopt decisions.
- (2) A Special Committee on Customs Cooperation and Rules of Origin has been set up by the Association Council to assist it in its duties. The Special Committee, which met on 4 November 2014 in Santiago, Chile, agreed to recommend an amendment to Appendix II of Annex III to the EU-Chile Association Agreement concerning product-specific rules.
- (3) Every five years the Harmonised System (HS) for the classification of goods is updated, the last such update being 2012. The product-specific rules in the EU-Chile Association Agreement are now based on an outdated version of the HS 2002 and should be updated to reflect the HS 2012 so that importers and exporters know for all goods classified according to latest HS the corresponding product-specific rules.
- (4) The product-specific rules should remain unchanged for those products that have been reclassified within the HS 2012. In cases where products move to a different chapter or heading the product-specific rules should move with those products when the rules in the new chapter or heading are different from that of the old chapter or heading.

- (5) The product-specific rules for a number of products of Chapter 72 of the Harmonized System relating to iron and steel have been amended to accurately reflect the rules that should be applicable at the level of subheadings.
- (6) The position of the Union within the EU-Chile Association Committee should be based on the attached draft decision,

HAS ADOPTED THIS DECISION:

Article 1

The position to be adopted by the Union within the Association Committee relating to Appendix II to Annex III to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, shall be based on the attached draft decision of the Association Committee.

Minor changes to the draft decision of the Association Committee may be agreed to by the representatives of the Union in the Association Committee without further decision of the Council.

Article 2

This Decision of the Association Committee shall be published in the *Official Journal of the European Union*.

Article 3

This Decision shall enter force on the date of its adoption.

Done at Brussels,

*For the Council
The President*