Council of the
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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	16 November 2015
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2015) 567 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(2015) 567 final.

Encl.: COM(2015) 567 final

EUROPEAN
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Brussels, 16.11.2015
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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

- **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 zero or reduced duty rates for appropriate volumes, without disturbing the markets for such products. The quota 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). 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.

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.

The Regulation is updated every semester with the objective of accommodating the needs of the EU industry.

For reasons of clarity it is advisable 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.

- **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 EU (e.g. GSP, ACP regime, FTA's, candidate countries and potential candidates).

- **Consistency with other Union policies**

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

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 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). This Regulation 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.

- **Choice of the instrument**

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.

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**

The assessment of this proposal has been carried out with the assistance of the ETQG, which 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 or amendment) has been assessed carefully by the group. In particular, preventing any harm for EU producers and the strengthening and consolidation of the competiveness of EU production are part of the examination of each case. This assessment has been carried out by discussion within the ETQG and consultation by Member States of the concerned industries, associations, chambers of commerce and other stakeholders involved.

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.

- **Collection and use of expertise**

Not relevant

- **Impact assessment**

The proposed amendment is a technical one concerning only the coverage of quotas listed in the Annex. The Regulation remains otherwise identical to the existing Council Regulation. Thus no impact assessment was carried out for this proposal.

- **Regulatory fitness and simplification**

Not applicable

- **Fundamental rights**

The proposal has no consequences on fundamental rights.

4. BUDGETARY IMPLICATIONS

This proposal has no financial impact on expenditure but has a financial impact on revenue which leads to uncollected customs duties of a total amount of approximately 4.8 Mio €/year. The effect on the traditional own resources of the budget is – EUR 4 789 757 /year (75% x EUR 6 386 342/year).

The loss of revenue in Traditional Own Resources shall be compensated by Member States contributions based on the GNI.

5. OTHER ELEMENTS

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

The measures proposed are treated within the framework of TARIC (Tarif intégré de l'Union européenne/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 this 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.

- **Explanatory documents (for directives)**

Not relevant

- **Detailed explanation of the specific provisions of the proposal**

Not applicable

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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[1]. 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 2016, tariff quotas at zero duty rates for an appropriate volume as regards ten additional products.

(2) In certain cases, the existing autonomous tariff quotas of the Union should be adapted. In the case of three products, the TARIC codes should be changed in view of classification changes in the Combined Nomenclature. For two 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 interest of economic operators of the Union in the case of five products, the quota volumes need to be increased and in one case the quota volume needs to be decreased. For reasons of clarity, a footnote relating to one product needs to be deleted.

(3) In the case of two products, the autonomous tariff quota of the Union should be closed with effect from 1 January 2016 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.

[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) As the changes regarding the quotas concerned provided for in this Regulation have to apply from 1 January 2016, this Regulation should enter into force as a matter of urgency,

HAS ADOPTED THIS REGULATION:

Article 1

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

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 January 2016.

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 2016: € 18 465 300 000 € (B 2016)

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]	[Year: 2016]
Article 120	*Impact on own resources*	-4,8/year

The additions of this Regulation will result in an annual increase of uncollected duties estimated to the amount of 4 789 757 EUR.

On the basis of the above, the impact on the loss of revenue resulting from this Regulation may be estimated at 4 789 757 EUR/year from 01.01.2016 onwards (6 386 342 EUR gross amount x 0,75).

The loss of revenue in Traditional Own Resources shall be compensated by Member States contributions based on the GNI.

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