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PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	21 November 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2023) 721 final
Subject:	Proposal for a COUNCIL REGULATION amending Regulation (EU) 2021/2283 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(2023) 721 final.

Encl.: COM(2023) 721 final



EUROPEAN
COMMISSION

Brussels, 21.11.2023
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2023/0407 (NLE)

Proposal for a

COUNCIL REGULATION

amending Regulation (EU) 2021/2283 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 of the Union are needed for products whose production in the Union is insufficient to meet the needs of the user industry in the Union for a given quota period. Union tariff quotas should be opened at zero or reduced duty rates for appropriate volumes, without disturbing the markets for such products.

On 20 December 2021, the Council of the European Union adopted Regulation (EU) 2021/2283¹ 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 six months to accommodate the needs of Union industry.

The Commission, assisted by the Economic Tariff Questions Group (“ETQG”), has reviewed all requests from the Member States for autonomous tariff quotas duties.

Following this review, the Commission considers that the opening of autonomous tariff quotas is justified for one product, currently not listed in the Annex to Council Regulation (EU) 2021/2283. In relation to six other products an increase of the initial quota volume became necessary. For one product, the quota period should be extended, and the quota volume should be adapted on a yearly basis as the tariff quota was opened for a period of 6 months. One product for which a tariff quota is no longer in the Union's economic interest should be withdrawn.

For reasons of clarity, it is advisable to publish a consolidated version of the Annex to Council Regulation (EU) 2021/2283, which will fully replace the previous Annex.

- **Consistency with existing policy provisions in the policy area**

This proposal does not affect countries that have a preferential trading agreement with the Union nor candidate countries or potential candidates for preferential agreements with the Union (e.g. Generalised System of Preferences; the African, Caribbean and Pacific group trade regime; Free Trade Agreements).

- **Consistency with other Union policies**

The proposal is in line with Union policies on agriculture, trade, enterprise, development, environment, and external relations.

¹ OJ L 458, 22.12.2021, p.33

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 Union's exclusive competence. The subsidiarity principle therefore does not apply.

- **Proportionality**

The proposal complies with the principle of proportionality. The measures envisaged are in line with the principles for simplifying procedures for operators engaged in foreign trade, as stated in the Commission communication concerning autonomous tariff suspensions and quotas². This Regulation does not go beyond what is necessary to achieve the objectives pursued in accordance with Article 5(4) of the Treaty on European Union (TEU).

- **Choice of the instrument**

By virtue of Article 31 of the TFEU, "Common Customs Tariff duties shall be fixed by the Council on a proposal from the Commission". Therefore, a Council 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 autonomous tariff quotas scheme was part of an evaluation study carried out in 2013 on autonomous tariff suspensions³.

This is because the two measures are similar, except that autonomous tariff quotas limit import volumes, while autonomous tariff suspensions permit the total or partial waiver of the normal duties applicable to certain goods imported to the EU for an unlimited quantity. The evaluation concluded that the core rationale for the scheme remains valid. The cost savings for Union businesses importing goods under the scheme can be significant. In turn, depending on the product, company and sector, these savings can have wider benefits, such as boosting competitiveness, making production methods more efficient, and creating or keeping jobs in the Union. Details of the savings of this regulation can be found in point 4 and in the attached legislative financial statement.

- **Stakeholder consultations**

The Economic Tariff Questions Group, which consists of delegations from all Member States plus Türkiye, assisted the Commission in the preparation of this proposal.

² OJ C 363, 13.12.2011, p. 6.

³ https://taxation-customs.ec.europa.eu/system/files/2016-09/evaluation_suspensions_duties.pdf

The ETQG carefully assessed each request (new, or for an amendment). It particularly examined each case to ensure that it was not causing any harm to Union producers and was strengthening and consolidating the competitiveness of Union's production. The members of the ETQG carried out the assessment through discussions, and Member States consulted the concerned industries, associations, chambers of commerce and other stakeholders involved.

All listed tariff quotas were the subject of agreements or compromises reached in the discussions held at the ETQG. No potentially serious risks with irreversible consequences were identified.

- **Impact assessment**

The proposed amendment is of a purely technical nature and concerns only the coverage of tariff quotas listed in the Annex to Regulation (EU) No 2021/2283. An impact assessment was not carried out because the proposed changes in the list of products that would benefit from the autonomous Common Customs Tariff quotas are not expected to have significant impacts.

- **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. The annex contains one new product. The uncollected duties corresponding to this autonomous tariff quota, are calculated on the basis of requesting Member State projections for 2024. However, due to the deletion of another tariff quota and, therefore the reintroduction of the tariffs, the impact on the collection of customs duties is estimated at a surplus of EUR 3,3 million per year. The overall positive effect on the traditional own resources of the EU budget is estimated at EUR 2,5 million per year (75 % of the total). The legislative financial statement sets out the budgetary implications of the proposal in greater detail.

5. OTHER ELEMENTS

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

The proposed measures are managed within the framework of the Integrated Tariff of the European Union “TARIC” (they are integrated in TARIC and managed by the QUOTA database) and applied by the Member States’ customs administrations.

Proposal for a

COUNCIL REGULATION

amending Regulation (EU) 2021/2283 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 a sufficient and uninterrupted supply of certain agricultural and industrial products which are produced in insufficient quantities in the Union and thereby avoid any disturbances on the market for those products, autonomous tariff quotas of the Union ('quotas') were opened by Council Regulation (EU) 2021/2283¹. Within those quotas, products can be imported into the Union at reduced or zero duty rates.
- (2) As it is in the Union's interest to ensure an adequate supply of a certain industrial product, and having regard to the fact that no identical, equivalent or substitute product is produced in sufficient quantities within the Union, it is necessary to open the new quota with order number 09.2558 at zero duty rate for an appropriate quantity of that product.
- (3) As is it in the Union's interest to ensure an adequate supply of certain industrial products the volumes of quotas with order numbers 09.2828 and 09.2855 should be increased.
- (4) As the Union production capacity for certain industrial products has been increased the volumes of quotas with order numbers 09.2561, 09.2575, 09.2583, 09.2682, 09.2742 and 09.2857 should be decreased.
- (5) For the quota with order number 09.2562 the quota period should be extended and the quota volume should be adapted on a yearly basis as the quota was opened for a period of 6 months only and it is still in the Union's interest to maintain it.
- (6) As it is no longer in the Union's interest to maintain the quota with order number 09.2681, that quota should be closed with effect from 1 January 2024.

¹ Council Regulation (EU) 2021/2283 of 20 December 2021 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products, and repealing Regulation (EU) No 1388/2013 (OJ L 458, 22.12.2021, p. 33).

- (7) Taking into account the amendments to be made and for the sake of clarity, the Annex to Regulation (EU) 2021/2283 should be replaced.
- (8) Regulation (EU) 2021/2283 should therefore be amended accordingly.
- (9) In order to avoid any interruption in the application of the quota scheme and to comply with the guidelines set out in the Communication from the Commission of 13 December 2011 concerning autonomous tariff suspensions and quotas², the changes provided for in this Regulation regarding the quotas for the products concerned should apply from 1 January 2024. This Regulation should therefore enter into force as a matter of urgency,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EU) 2021/2283 is replaced by the text set out in the Annex to this Regulation.

Article 2

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

It shall apply from 1 January 2024.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

² OJ C 363, 13.12.2011, p. 6.

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Council Regulation amending Regulation (EU) No 2021/2283 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 2024: EUR 24 620 400 000

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:

(EUR million to one decimal place)

Budget line	Revenue	12 month period, starting dd/mm/yyyy	[Year: 2024]
Article 120	<i>Impact on own resources</i>	01/01/2024	+ 2,5

The annex contains one new product. The uncollected duties corresponding to these tariff quota, calculated on the basis of requesting Member State projections for 2024, amount to EUR 15 723 per year.

One product has been withdrawn from this Annex reflecting the reintroduction of customs duties. This represents an increase of EUR 3 345 743 per year in the collection of duties, as estimated on the basis of 2022 statistics.

On the basis of the above, the positive impact on revenue for the EU budget resulting from this Regulation is estimated at $\text{EUR } 15\,723 - 3\,345\,743 = \text{EUR } + 3\,330\,020$ (gross amount, including collection costs) $\times 0,75 = \text{EUR } + 2\,497\,515$ per year (net amount).

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 Article 254 of Regulation (EU) No 952/2013.

In addition, Member States may carry out any customs controls they deem appropriate under the risk management they undertake, as provided for by Article 46 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.