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2017/0325 (NLE)

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 when production in the European Union is insufficient to meet the needs of the user industry in the EU. EU tariff quotas should be opened at zero or reduced duty rates for appropriate volumes, without disturbing the markets for such products.

On 17 December 2013, the Council of the European Union 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 EU 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 EU 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 some new products, currently not listed in the Annex to Council Regulation (EU) No 1388/2013. In relation to some other products, an end date needs to be added, or the initial quota volume has to be adapted.

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

This proposal does not affect countries that have a preferential trading agreement with the EU, candidate countries or potential candidates for preferential agreements with the EU (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 EU policies on agriculture, trade, enterprise, development and external relations.

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 EU'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 quotas¹. 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 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 was part of an evaluation study in 2013 on autonomous tariff suspensions. This is because the two measures are similar, except that quotas limit import volumes. The evaluation concluded that the core rationale for the scheme remains valid. The cost savings for EU 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 EU. Details of the savings of this regulation can be found in the attached legislative financial statement.

- **Stakeholder consultations**

The ETQG, which consists of delegations from all Member States plus Turkey, assisted the Commission to assess this proposal. The group met three times before agreeing the changes in this proposal.

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

All listed quotas were the subject of agreements or compromises reached in the ETQG's discussions. No potentially serious risks with irreversible consequences were mentioned.

- **Impact assessment**

The proposed amendment is technical and concerns only the coverage of quotas listed in the Annex. The Regulation remains identical to the existing Council Regulation in all other respects. Therefore, no impact assessment was carried out for this proposal.

¹ OJ C 363, 13.12.2011, p. 6.

- **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 EUR 0,2 million per year. The negative effect on the traditional own resources of the budget is EUR 0,16 million per year (80 % of EUR 0,2 million per year).

The loss of revenue in traditional own resources shall be compensated by Member States' Gross National Income (GNI) based on resource contributions.

5. OTHER ELEMENTS

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

The measures proposed are managed within the framework of TARIC (Tarif intégré de l'Union européenne/Integrated Tariff of the European Union) and applied by the Member States' customs administrations.

Furthermore, the whole scheme of autonomous suspensions and quotas was subject to an evaluation study which was completed in the beginning of December 2013 (http://ec.europa.eu/taxation_customs/common/publications/studies/index_en.htm). The evaluation concluded that the core rationale for the scheme remains valid and that the scheme should continue.

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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 were opened by Council Regulation (EU) No 1388/2013². Products within those tariff quotas can be imported into the Union at reduced or zero duty rates.
- (2) For the reasons indicated, it is necessary to open, with effect from 1 January 2018, tariff quotas at zero duty rates for an appropriate volume as regards twelve new products. In the case of five additional products, the quota volumes should be increased, as such increase is in the interest of economic operators of the Union.
- (3) In the case of one additional product, the quota volume should be decreased, as the production capacity of the EU producers has been increased.
- (4) In the case of five products, the quota period and the quota volume should be adapted as they had been opened for a period of six months only.
- (5) In the case of another product, its description should be amended.
- (6) In the case of twelve other products, the autonomous tariff quota of the Union should be closed with effect from 1 January 2018 as it is no longer in the Union's interest to continue granting it as from that date.
- (7) Regulation (EU) No 1388/2013 should therefore be amended accordingly.

² 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).

- (8) In order to avoid any interruption of the application of the quota scheme and to fulfil the guidelines set in the Commission Communication concerning autonomous tariff suspensions and quotas (2011/C 363/2011)³, the changes regarding the quotas for the products concerned provided for in this Regulation should enter into force as a matter of urgency and apply from 1 January 2018,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EU) No 1388/2013 is amended as follows:

- (1) the rows for the tariff quotas with order numbers 09.2872, 09.2874, 09.2878, 09.2880, 09.2886, 09.2876, 09.2888, 09.2866, 09.2906, 09.2909, 09.2910, and 09.2932 set out in Annex I to this Regulation are inserted following the order of the Combined Nomenclature (CN) codes indicated in the second column of the table in the Annex to Regulation (EU) No 1388/2013;
- (2) the rows for the tariff quotas with order numbers 09.2929, 09.2704, 09.2842, 09.2844, 09.2671, 09.2846, 09.2723, 09.2848, 09.2870, 09.2662, 09.2850, and 09.2868 are replaced by the rows set out in Annex II to this Regulation;
- (3) the rows for the tariff quotas with order numbers 09.2703, 09.2691, 09.2692, 09.2680, 09.2977, 09.2693, 09.2712, 09.2714, 09.2666, 09.2687, 09.2689, and 09.2669 shall be deleted;
- (4) in the notes, the line '* A newly introduced measure or a measure with amended conditions.' is deleted.

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 2018.

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

Done at Brussels,

For the Council
The President

³ OJ C 363, 13.12.2011, p. 6.

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 and Article 120 – Customs duties and other duties referred to in point (a) of Article 2(1) of Decision 2014/335/EU, Euratom.

Amount budgeted for the year 2018: EUR 22 844 000 000 (B 2018)

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:

(EUR million to one decimal place)

Budget line	Revenue ⁴	6 month period, starting dd/mm/yyyy	[Year: second half of 2017]
Article 120	<i>Impact on own resources</i>	01/01/2018	- 0,2

Annex I contains 12 new products. The uncollected duties corresponding to these quotas, calculated on the basis of requesting Member State projections for the period 2018 to 2021, amount to EUR 7,9 million per year.

12 products have been withdrawn from the Annex to this regulation reflecting the reintroduction of customs duties. This represents an increase of EUR 7,7 million per year in the collection of duties.

On the basis of the above, the impact on the loss of revenue for the EU budget resulting from this Regulation is estimated at $EUR\ 7,9 - 7,7 = EUR\ 0,2$ million (gross amount, including collection costs) $\times 0,8 = EUR\ 0,16$ million per year (net amount).

4. ANTI-FRAUD MEASURES

⁴ Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % of collection costs.

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 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.



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ANNEXES 1 to 2

ANNEXES

to the

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ANNEX I

In the table in the Annex to Regulation (EU) No 1388/2013, the following rows are inserted following the order of the CN codes indicated in the second column of that table:

Order number	CN code	TARIC	Description	Quota period	Quota volume	Quota duty (%)
09.2872	ex 2833 29 80	40	Cesium sulphate (CAS RN 10294-54-9) in solid form or as aqueous solution containing by weight 48 % or more but not more than 52 % of cesium sulphate	1.1.-31.12.	160 tonnes	0 %
09.2874	ex 2924 29 70	87	Paracetamol (INN) (CAS RN 103-90-2)	1.1.-31.12.	20 000 tonnes	0 %
09.2878	ex 2933 29 90	85	Enzalutamide INN (CAS RN 915087-33-1)	1.1.-31.12.	1 000 kg	0 %
09.2880	ex 2933 59 95	39	Ibrutinib (INN) (CAS RN 936563-96-1)	1.1.-31.12.	5 tonnes	0 %
09.2886	ex 2934 99 90	51	Canagliflozin (INN) (CAS RN 928672-86-0)	1.1.-31.12.	10 tonnes	0 %
09.2876	ex 3811 29 00	55	Additives consisting of reaction products of diphenylamine and branched nonenes with: — by weight more than 28 %, but not more than 35 % of mononyldiphenylamine, and — by weight more than 50 % but not more than 65 % of 4,4-dinonyldiphenylamine, — by weight a total percentage of 2, 4-dinonyldiphenylamine and 4'-dinonyldiphenylamine of not more than 5 %, used for the manufacture of lubricating oils (2)	1.1.-31.12.	900 tonnes	0 %
09.2888	ex 3824 99 92	89	Mixture of tertiary alkyldimethyl amines containing by weight: — 60 % or more but not more than 80 % of dodecyldimethylamine (CAS RN 112-18-5), and — 20 % or more but not more than 30 % of dimethyl(tetradecyl)amine (CAS RN 112-75-4)	1.1.-31.12.	16 000 tonnes	0 %
09.2866	ex 7019 12 00 ex 7019 12 00	06 26	S glass stratifils (rovings): — composed of continuous glass filaments of 9 µm (±0,5 µm), — measuring 200 tex or more but not more than 680 tex, — not containing any calcium oxide, and — with a breaking strength of more than 3 550 Mpa determined by ASTM D2343-09 for use in the manufacture of aeronautics (2)	1.1.-31.12.	1 000 tonnes	0 %
09.2906	ex 7609 00 00	20	Aluminium tube or pipe fittings for affixing to radiators of motor bikes (2)	1.1.-31.12.	3 000 000 pieces	0 %
09.2909	ex 8481 80 85	40	Exhaust valve for use in the manufacture of motorcycle exhaust gas systems (2)	1.1.-31.12.	1 000 000 pieces	0 %
09.2910	ex 8708 99 97	75	Aluminium alloy support bracket, with mounting holes, whether or not with fixation nuts, for indirect connection of the gearbox to the car body for use in the manufacture of goods of Chapter 87	1.1.-31.12.	200 000 pieces	0 %

Order number	CN code	TARIC	Description	Quota period	Quota volume	Quota duty (%)
09.2932	ex 9027 10 90	20	(2) Lambda sensors for permanent incorporation into motor cycle exhaust systems (2)	1.1.-31.12.	1 000 000 pieces	0 %.

(2) Suspension of duties is subject to end-use customs supervision in accordance with Article 254 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

ANNEX II

In the table in the Annex to Regulation (EU) No 1388/2013, the rows for the tariff quotas with order numbers 09.2828, 09.2929, 09.2704, 09.2842, 09.2844, 09.2671, 09.2846, 09.2723, 09.2848, 09.2870, 09.2662, 09.2850 and 09.2868 are replaced by the following:

Order number	CN code	TARIC	Description	Quota period	Quota volume	Quota duty (%)
09.2828	2712 20 90		Paraffin wax containing by weight less than 0,75 % of oil	1.1.-31.12.	120 000 tonnes	0%
09.2929	2903 22 00		Trichloroethylene (CAS RN 79-01-6)	1.1.-31.12.	15 000 tonnes	0 %
09.2704	ex 2909 49 80	20	2,2,2',2'-Tetrakis(hydroxymethyl)-3,3'-oxydipropan-1-ol (CAS RN 126-58-9)	1.1.-31.12.	500 tonnes	0 %
09.2842	2932 12 00		2-Furaldehyde (furfuraldehyde)	1.1.-31.12.	10 000 tonnes	0 %
09.2844	ex 3824 99 92	71	Mixtures containing by weight: — 60 % or more but not more than 90 % of 2-chloropropene (CAS RN 557-98-2), — 8 % or more but not more than 14 % of (Z)-chloropropene (CAS RN 16136-84-8), — 5 % or more but not more than 23 % of 2-chloropropanol (CAS RN 75-29-6), — not more than 6 % of 3-chloropropene (CAS RN 107-01-1), and — not more than 1 % of ethyl chloride (CAS RN 75-00-3)	1.1.-31.12.	6 000 tonnes	0 %
09.2671	ex 3905 99 90	81	Poly(vinyl butyral)(CAS RN 63148-65-2): — containing by weight 17,5 % or more, but not more than 20 % of hydroxyl groups, and — with a median particle size (D50) of more than 0,6 mm	1.1.-31.12.	12 500 tonnes	0 %
09.2846	ex 3907 40 00	25	Polymer blend of polycarbonate and poly(methyl methacrylate) with a polycarbonate content of not less than 98,5 % by weight, in the form of pellets or granules, with a luminous transmittance of not less than 88,5 %, measured using a test sample with a thickness of 4 mm at a wavelength of $\lambda = 400$ nm (according to ISO 13468-2)	1.1.-31.12.	2 000 tonnes	0 %
09.2723	ex 3911 90 19	10	Poly(oxy-1,4-phenylenesulphonyl-1,4-phenyleneoxy-4,4'-biphenylene)	1.1.-31.12.	3 500 tonnes	0 %
09.2848	ex 5505 10 10	10	Waste of synthetic fibres (including noils, yarn waste, and garnetted stock) of nylon or other polyamides (PA6 and PA66)	1.1.-31.12.	10 000 tonnes	0 %
09.2870	ex 7019 40 00 ex 7019 52 00	70 30	E-fibre glass fabrics: — having a weight of 20 g/m ² or more, but not more than 214 g/m ² , — impregnated with silane, — in rolls,	1.1.-31.12.2018	6 000 000 m	0 %

Order number	CN code	TARIC	Description	Quota period	Quota volume	Quota duty (%)
09.2662	ex 7410 21 00	55	<p>— having a humidity content by weight of 0,13 % or less, and</p> <p>— having not more than 3 hollow fibres out of 100 000 fibres,</p> <p>for the exclusive use in the manufacture of prepregs and copper clad laminates⁽²⁾</p> <p>Plates:</p> <p>— consisting of at least one layer of fibreglass fabric impregnated with epoxide resin,</p> <p>— covered on one or both sides with copper foil with thickness of not more than 0,15 mm,</p> <p>— with a dielectric constant (DK) of less than 5,4 at 1 MHz, as measured according to IPC-TM-650 2.5.5.2,</p> <p>— with a loss tangent of less than 0,035 at 1 MHz, as measured according to IPC-TM-650 2.5.5.2,</p> <p>— with a comparative tracking index (CTI) of 600 or more</p>	1.1.-31.12.	80 000 m ²	0 %
09.2850	ex 8414 90 00	70	<p>Aluminium alloy compressor wheel with:</p> <p>— a diameter of 20 mm or more, but not more than 130 mm, and</p> <p>— a weight of 5 g or more, but not more than 800 g</p> <p>for use in the manufacture of combustion engines⁽²⁾</p>	1.1.-31.12.	5 900 000 pieces	0 %
09.2868	ex 8714 10 90	60	<p>Pistons for suspension systems, having a diameter of not more than 55 mm, of sintered steel</p>	1.1.-31.12.	2 000 000 pieces	0 %

⁽²⁾ Suspension of duties is subject to end-use customs supervision in accordance with Article 254 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).