



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.06.1998
COM(1998) 399 final

98/0224 (ACC)

Proposal for a
COUNCIL REGULATION (EC)
concerning the tariff treatment
applicable upon importation of
certain types of food supplements originating in Switzerland

(presented by the Commission)

Explanatory Memorandum

1. The Swiss authorities have repeatedly raised the question of the duty applied to certain types of food supplements intended to maintain general health or well-being, and in particular to the preparations called Swiss Caps (essentially dried garlic in capsule form, intended to contribute to the health of the user).
2. The Swiss authorities have indicated that in the past some imports of these products have been allowed at a zero rate of duty, as they have been classified as pharmaceutical products. The Community, however, is of the view that these products are to be classified as food preparations under CN code 2106 90 92 and are therefore subject to a duty of 16.4%. The Swiss side agrees to this classification, but requests that a zero duty be applied.
3. The Commission is prepared to comply with this request, as the Swiss side agrees to apply the same definition and zero duty rate to its imports from the Community.
4. The Commission therefore proposes to reduce to zero the rate of duty applied to certain nutritional complements of Swiss origin, defined as:

“Food supplements based on plant extracts, fruit concentrates or honey, with added vitamins and, sometimes, very small quantities of iron compounds, often put up in packaging indicating that they are intended to maintain general health, containing no milk fats, sucrose, isoglucose, glucose or starch or containing, by weight, less than 1.5% milk fat, 5% sucrose or isoglucose, 5% glucose or starch.”
5. This autonomous measure is conditional on the adoption of an entirely equivalent measure by Switzerland, e.g. zero duty rate, definition of the product and date of introduction. It will be re-examined if Protocol 2 of the EC-Switzerland Free Trade Agreement is adapted.
6. In order to ensure the proper application of the decision a new Taric subheading will be created which will enable the Community to limit its application to the products concerned.
7. The Commission will monitor market developments for this product and, if disruptions occur or imports increase significantly, may suspend the present measure.
8. For these reasons, the Commission recommends that the Council adopt the attached proposal for a Council Regulation.

**Proposal for a Council Regulation (EC) concerning the tariff treatment
applicable upon importation of certain types of food supplements
originating in Switzerland**

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas, in the European Community, certain types of food supplements intended to maintain general health or well-being are classified under CN code 2106 90 92 as food preparations and are subject to a duty of 16.4%;

Whereas it seems appropriate for the European Community to grant a zero duty rate on imports of these products from Switzerland;

Whereas CN Code 2106 90 92 includes goods not covered by the present Regulation, so that a specific description of the products concerned is needed;

Whereas this measure will be re-examined if Protocol 2 of the Free Trade Agreement between the EC and Switzerland is amended.

HAS ADOPTED THIS REGULATION:

Article 1

The following food preparations originating in Switzerland and classifiable under CN code ex 2106 90 92 shall be subject to zero duty upon importation into the Community:

“Food supplements based on plant extracts, fruit concentrates or honey, with added vitamins and, sometimes, very small quantities of iron compounds, often put up in packaging indicating that they are intended to maintain general health, containing no milk fats, sucrose, isoglucose, glucose, or starch or containing, by weight, less than 1.5% milk fat, 5% sucrose or isoglucose, 5% glucose or starch.”

Article 2

A new Taric subheading will be created which will enable the Community to limit the application of this Regulation to the products concerned.

Article 3

The Commission will monitor trade developments for the products concerned and may suspend the present measure if any disruption occurs or imports increase significantly, according to the procedure laid down in Article 16 of Regulation (EC) No 3448/93.

Article 4

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities. It shall apply from

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

Done at Brussels,

For the Council

The President

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Proposal for a Council Regulation (EC) concerning the tariff treatment applicable upon importation of certain types of food supplements originating in Switzerland.

2. BUDGET HEADING INVOLVED

Chapter 12, Article 120

3. LEGAL BASIS

Article 113 of the Treaty establishing the European Community.

4. DESCRIPTION OF OPERATION

- a. The Swiss authorities have repeatedly raised the question of the duty applying to certain types of food supplements intended to maintain general health or well-being, and in particular to the preparations called Swiss Caps.
- b. The Swiss authorities have indicated that in the past some imports of these products have been allowed at a zero rate of duty, as they have been classified as pharmaceutical products. The Community, however, is of the view that the products are to be classified as food preparations under CN code 2106 90 92 and are therefore subject to a duty of 16.4%. The Swiss side agrees to this classification, but requests that a zero duty be applied.
- c. The Commission is prepared to comply with this request. Movement on this dossier will demonstrate good will on the part of the Union in seeking a solution to other long-standing bilateral problems.
- d. The Commission therefore proposes to reduce to zero the rate of duty applied to certain nutritional complements of Swiss origin, defined as:

“Food supplements based on plant extracts, fruit concentrates or honey, with added vitamins and, sometimes, very small quantities of iron compounds, often put up in packaging indicating that they are intended to maintain general health, containing no milk fats, sucrose, isoglucose, glucose or starch or containing, by weight, less than 1.5% milk fat, 5% sucrose or isoglucose, 5% glucose or starch.”

This proposal is conditional on the application by Switzerland of the same measure, the zero duty rate and the definition of the product.

- e. This change will be implemented on an autonomous basis and must be considered a transitional measure. It will definitely be considered within the future adaptation of Protocol 2 of the EC-Switzerland Free Trade Agreement.
- f. In order to ensure the proper application of the decision a new Taric subheading will be created which will enable the Community to limit its application to the products concerned.
- g. The Commission will monitor market developments for the product concerned and, if disruptions occur or imports increase significantly, may suspend the present measure.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Compulsory / Non-compulsory expenditure

Loss of revenue

5.2 Differentiated / Non-differentiated appropriations

N/A

5.3 Type of revenue involved

Customs duties

6. TYPE OF EXPENDITURE OR REVENUE

Loss of revenue due to change in customs rating from 16.4 % to zero rating.

7. FINANCIAL IMPACT

The calculation of the loss of revenue due to the change in customs rating is based on figures provided by Switzerland, according to which the annual value of the Community's imports of the goods in question is CHF 10 to 15 million. The current customs rating is 16.4%. Therefore the maximum loss of revenue will be ECU 1.5 million a year ((CHF 15 million / 1.63316) x 16.4 % = ECU 1.5 million).

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