



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.06.1997
COM(97) 301 final

97/0167 (ACC)

Proposal for a

COUNCIL REGULATION (EC)

re-introducing a 12% rate of duty to be applied by the
Community on certain products falling within CN heading 5607.

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. In January 1989 the Brazilian authorities imposed an export tax on sisal fibres at 13% of the fob price. Brazilian exporters of processed sisal products were exempt from the tax.

Given the risk of injury to the EC processing industry the Community entered into consultations with Brazil in GATT under Article XXII(1) but failed to reach a mutually satisfactory solution. To encourage Brazil to change its discriminatory system, the Community therefore took action under Article XXVIII, suspending its 12% bound rate on the following products:

5607	Twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics: - of sisal:
5607 21 00	Binder or baler twine
5607 29	Other:
5607 29 10	Measuring more than 100 000 décitex (10 grammes per metre)
5607 29 90	Measuring 100 000 décitex (10 grammes per metre) or less

The Community opted to suspend the bound rates rather than change them permanently as this allowed it to continue negotiating with Brazil for a mutually satisfactory solution..

Concomitantly, Council Regulation (EEC) No 283/91¹ set the Community's autonomous rate of duty for these products at 25%.

2. During the Uruguay Round negotiations the Community offered to bind duties for sisal fibres at 12%. An exchange of letters between the EC and Brazil stipulated that this concession would apply once the Brazilian authorities eliminated export taxes on the products, and for such time as no further such taxes were imposed.

The Community undertook to apply the 12% concession as soon as the Brazilian authorities could confirm that the export taxes applied by the States of Paraiba and Bahia, the main producers and exporters of sisal fibre, had been definitively eliminated.

Brazil confirmed by letter its approval of "Convenio ICMS 33/94" and adoption of Decrees Nos 16293/94 and 3237 making sisal fibre exports from those two States definitively exempt from the export tax.

However, these measures did not remove all tax discrimination against sisal fibre exports.

As Brazil has confirmed by letter, only by supplementary law No 87/96 of 13 September 1996 were exports of all primary products and semi-finished industrial products, including sisal fibres, made exempt from the ICMS in all States of Brazil.

¹ Council Regulation (EEC) N° 283/91 of 4.2.91, OJ No L 35 of 7.2.91, p.1

Conclusion

The Commission believes this arrangement constitutes a mutually satisfactory solution, taking both sides back to the situation that existed before 1989. It recommends that the Council restore the 12% duty concession on the products concerned forthwith.

The concession remains conditional on Brazil refraining from any future action to reintroduce export taxes or charges having equivalent effect on sisal fibres.

Proposal for a

COUNCIL REGULATION (EC)

re-introducing a 12% rate of duty to be applied by the
Community on certain products falling within CN heading 5607.

The Council of the European Union

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

Having regard to the proposal from the Commission,

Whereas the import duty on processed products of sisal or other textile fibres of the *genus Agave* falling within CN headings 5607 21.00, 5607 29.10 and 5607 29.90 was reduced and bound at 12% by the Community in the context of the Tokyo Round of Multilateral Trade Negotiations.

Whereas the bound rate of 12% on these products was subsequently withdrawn in accordance with the provisions of GATT Article XXVIII and replaced by an autonomous rate of 25% in Council Regulation (EEC) 283/91.

Whereas, in the context of the Uruguay Round of Multilateral Trade Negotiations, the Community undertook to reintroduce the 12% duty rate once Brazil had definitely eliminated the tax applied on exports of sisal fibres by the States of Paraiba and Bahia; whereas the Community made this undertaking on condition that no new export taxes or taxes having an equivalent effect are applied to exports of these products by Brazil.

Whereas Brazil has confirmed that exports of sisal fibres are exempted from ICMS taxes in all Brazilian States under Complementary Law 87/96 of 13 September 1996: whereas, as a consequence it is now appropriate to reintroduce the 12% duty rate and to repeal Council Regulation (EEC) 283/91 in order to take account of the above: whereas the condition mentioned above remains valid.

HAS ADOPTED THIS REGULATION

Article 1

Annex I to Council Regulation (EEC) No. 2658/87 is modified as follows:

CN Code	Description	Rate of Duty		Supplementary unit
		autonomous (%)	conventional (%)	
1	2	3	4	5
5607	Twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics :			
5607 10 00	- Unchanged	Unchanged	Unchanged	-
	- Of sisal or other textile fibres of the genus <i>Agave</i>			
5607 21 00	-- Binder or baler twine.	16	12	-
5607 29	-- Other :			
5607 29 10	- - - Measuring more than 100 000 decitex (10 g/m)	16	12	-
5607 29 90	- - -Measuring 100 000 decitex (10 g/m) or less	16	12	-

Article 2

Council Regulation (EEC) No. 283/91 is hereby repealed.

Article 3

The present regulation shall enter into force the day following that of its publication in the Official Journal of the European Communities.

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

Done at Brussels1997

For the Council
The President

FINANCIAL STATEMENT

Section I. Financial Implications

1. Proposal for a Council Regulation reintroducing a 12% duty rate for certain sisal products.

2. Budget heading: (loss of revenue: not known)

3. Legal basis: Article 113

4. Description

The proposed regulation is a consequence of an undertaking made by the Community in the Uruguay Round to restore the original 12% duty once Brazil had eliminated their export taxes on sisal fibres which had caused the Community to increase the duty on sisal products to 25%.

5. Type of revenue: Loss of revenue for duties paid on third country imports.

6. Change in level of revenue:

The reduction of the existing 25% duty to 12% will result in a duty loss of around 0.2 MECU.

ISSN 0254-1475

COM(97) 301 final

DOCUMENTS

EN

11 10 03

Catalogue number : CB-CO-97-289-EN-C

ISBN 92-78-21432-9

Office for Official Publications of the European Communities

L-2985 Luxembourg