



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.06.1995
COM(95) 267 final

95/0143 (ACC)

Proposal for a

COUNCIL REGULATION (EC)

**Amending Council Regulation (EC) No 3361/94 of
29 December 1994 in order to prolong certain tariff quotas with respect to Austria,
Finland and Sweden**

(presented by the Commission)

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Pursuant to the Act of Accession, the three acceding Member states have applied the European Community's Common Customs Tariff, with some exceptions¹. This has led to the raising of certain tariffs applied by them. In some cases the acceding Member States even had to raise their tariff above a level which they had agreed before in GATT not to exceed (so-called "tariff bindings").²

This is permitted in GATT under Art. XXIV, which is the provision which allows the creation of *inter alia* customs unions. However in some cases, the customs union must - under Art. XXIV para. 6 of the GATT - offer compensation, which may take the form of reductions of duties on other tariff lines.³

The United States of America requested the EC to give at least a part of this compensation immediately as of 1 January 1995, because the negative effect of the raising of some customs tariffs affecting their exports to new Member States would also be felt immediately as of that date.

Therefore, in order to avoid unnecessary trade disputes, it was decided by the Council (Regulation (EC) No 3361/94 of 29 December 1994) to allow the new Members States to provisionally apply their former lower tariffs to quotas on certain products, which are of importance to the US, until the end of June 1995.

Pending the conclusion of a global agreement from the Art. XXIV:6 negotiations and without prejudice to the results of these negotiations, the Commission propose to prolong the previous interim arrangement, the same quotas with the same duty rates for the products in question, for a further six months until 31.12.1995.

For these reasons, the Commission propose to the Council to adopt the regulation contained in the annex of this Communication.

¹E.g. Art. 99 and Art. 101.

²Compare Art. II of the GATT.

³GATT 1994 Understanding on Art. XXIV para. 5.

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THE COUNCIL OF THE EUROPEAN UNION

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

Having regard to Council Regulation (EC) No 3361/94 of 29 December 1994* opening tariff quotas with respect to Austria, Finland and Sweden,

Having regard to the proposal from the Commission,

- Whereas, pursuant to Article 2 of the Act concerning their conditions of accession to the Community, Austria, Finland and Sweden have applied the Common Customs Tariff as of 1 January 1995;
- Whereas, the Council at its meeting on 8 February 1995 has authorised the Commission to open negotiations under Article XXIV, paragraph 6, of the General Agreement on Tariffs and Trade 1994 (GATT 1994);
- Whereas the application of the Common Customs Tariff by the new Member States has led to a reduction of some import duties and increase of some other duties;
- Whereas it is appropriate for the Community to provide temporary relief to its trading partners for the most serious cases in which there is an increase in import duties; whereas, therefore, certain customs duties have been reduced on an autonomous basis during the period 1 January to 30 June 1995;
- Whereas, pending the conclusion of a global agreement from negotiations between the Community and third countries it is appropriate to apply autonomous measures designed to alleviate the adverse impact on certain exports by third countries following enlargement;
- Whereas the measures to be applied are without prejudice to the results of the ongoing negotiations under Article XXIV:6 and do not prejudice the intention of the Community to conclude an agreement which takes into account the global impact of enlargement on trade with third countries;
- Whereas as these negotiations are not yet completed, it is appropriate to extend the application of Council Regulation (EC) No 3361/94 of 29 December 1994 in order to provide for the period of 1 July to 31 December 1995, the same quotas with the same duty rates for the same products.

* As corrected in O.J. L 68 of 28 March 1995

HAS ADOPTED THIS REGULATION

Article 1

The dates 1 January to 30 June 1995 in Article 1 of Council Regulation (EC) No 3361/94 of 29 December 1994 opening tariff quotas with respect to Austria, Finland and Sweden are replaced by 1 July to 31 December 1995.

Article 2

This regulation shall enter into force on 1 July 1995.

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

Done at Brussels

For the Council

FINANCIAL STATEMENT

Section 1: Financial implications.

1. **Proposal for a Council Regulation** amending Council Regulation (EC) No 3361/94 of 29 December 1994 in order to prolong certain tariff quotas with respect to Austria, Finland and Sweden.
2. **Budget heading:** (loss of revenue: not known).
3. **Legal basis:** Article 113 EC.
4. **Description:** The immediate application of the Common External Tariff duty rates by the three new Member States resulted, from 1 January 1995, in increases in duty payments on certain imports from third countries beyond levels previously in force. The proposed Regulation would prolong for a further six months certain tariff quotas with respect to Austria, Finland and Sweden provided for in Council Regulation (EC) No 3361/94 of 29 December 1994 at the duty levels previously applied. The intention is, pending the conclusion of the ongoing negotiations between the Community and third countries under Article XXIV:6 of the General Agreement on Tariffs and Trade 1994 (GATT 1994), to diminish the most serious adverse impacts on trade which would otherwise become a matter of dispute in WTO.
5. **Type of revenue:** Loss of revenue from duties paid on third country imports.
6. **Change in level of revenue:** It is estimated that the loss will be around 160 MECUs covering the last six months of 1995 (the Regulation will only be in force until 31 December). This figure is calculated by taking the sum of the CET duty collections normally paid on the quota values/amounts specified in the annex to the Regulation, and deducting from this figure the sums that will actually be collected, as specified in the same annexes.

PM. Sections 2 and 3 do not seem applicable.

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DOCUMENTS

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