



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 4.11.1999  
COM(1999) 556 final

99/0229 (ACC)

Proposal for a

**COUNCIL DECISION**

**on the conclusion of an Agreement in the form of an Exchange of Letters  
between the European Community and the Republic of Kazakhstan establishing  
a double-checking system without quantitative limits in respect of the export of  
certain steel products covered by the EC and ECSC Treaties from the Republic  
of Kazakhstan to the European Community**

## **EXPLANATORY MEMORANDUM**

The Community's Partnership and Cooperation Agreement with Kazakhstan provides for agreements on quantitative arrangements concerning exchanges of ECSC steel products.

On 19 July 1999, Kazakh and Commission negotiators concluded lengthy negotiations on the attached proposal. The new ECSC agreement is intended to establish a structured framework for, on the one hand, progressive liberalisation of trade in steel products and, on the other hand, progressive adaptation of Kazakhstan's steel sector to normal competitive conditions, particularly in the areas of competition policy, state aid and environmental protection.

The new ECSC agreement covers the period 2000-2001. It contains provisions for reviewing Kazakhstan's progress towards fulfilling the conditions for complete liberalisation. There is also a review clause in the event that Kazakhstan joins the WTO during the period covered by the agreement.

During the negotiations on the new ECSC steel Agreement, the Parties agreed to establish a double-checking system without quantitative limitations in order to monitor the trade in certain EC and ECSC Treaty steel products which fall outside the scope of the ECSC Agreement. The aim of the double-checking system is to improve transparency and to avoid possible diversions of trade. It is without prejudice to the application of the relevant provisions of the agreements on trade and trade-related matters, in particular those relating to anti-dumping and safeguard measures.

The double-checking system should enter into force at the same time as the new ECSC steel agreement. It would apply for the period 2000-2001. It will be established by means of an Agreement in the form of an Exchange of Letters.

Proposal for a

**COUNCIL DECISION**

**on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and the Republic of Kazakhstan establishing a double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from the Republic of Kazakhstan to the European Community**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 together with Article 300 (2), first sentence thereof,

Having regard to the proposal from the Commission,

- (1) Whereas the Partnership and Cooperation Agreement between the Parties signed on 23 January 1995 has entered into force on 1 July 1999,
- (2) Whereas the Commission has finalised negotiations for an Agreement in the form of an Exchange of Letters between the European Community and the Republic of Kazakhstan establishing a double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from the Republic of Kazakhstan to the European Community,

HAS DECIDED AS FOLLOWS:

*Article 1*

1. The Agreement in the form of an Exchange of Letters between the European Community and the Republic of Kazakhstan establishing a double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from the Republic of Kazakhstan to the European Community is hereby approved on behalf of the European Community.
2. The text of the Agreement<sup>1</sup> is annexed to this Decision.

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<sup>1</sup> See page ... of this Official Journal.

*Article 2*

The President of the Council is hereby authorized to designate the persons empowered to sign the Agreement in the form of an exchange of letters referred to in Article 1 in order to bind the Community.

Done at Brussels,

*For the Council  
The President*

**Agreement in the form of an Exchange of Letters between the European Community and the Government of the Republic of Kazakhstan establishing a double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from Kazakhstan to the European Communities**

LETTER FROM THE COUNCIL OF THE EUROPEAN UNION

Sir,

1. I have the honour to refer to the recently concluded negotiations between the European Coal and Steel Community and the Government of the Republic of Kazakhstan concerning a new ECSC steel agreement, in the course of which consultations took place with regard to problems concerning certain steel products covered by the EC and ECSC treaties which fall outside the scope of the ECSC steel Agreement.
2. Following these consultations the Parties hereby agree to establish a double-checking system, without quantitative limits, in respect of certain steel products in order to improve transparency and to avoid possible diversions of trade. The details of the double-checking system are annexed to this letter.
3. The present Exchange of Letters is without prejudice to the application of the relevant provisions of the bilateral agreements on trade and trade-related matters, in particular those relating to anti-dumping and safeguard measures.
4. Either Party may at any time propose modifications to the Annex or its appendices which shall require the mutual consent of the Parties and shall take effect as agreed by them. In the event that anti-dumping or safeguard investigations are initiated or measures introduced in the European Community concerning a product under the double-checking system, Kazakhstan will decide whether to exclude the product in question from the double-checking system. Such a decision shall not affect the entry into free circulation of the product in question into the Community.
5. In conclusion, I have the honour to propose that if this letter, its annex and appendices are acceptable to your Government, this letter and your confirmation shall together constitute an agreement between the European Community and Kazakhstan, which shall enter into force on the date of your reply.

Please accept, sir, the assurance of my highest consideration,

For the Council of the European Union

## LETTER FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Sir,

I have the honour to acknowledge receipt of your letter of ..... which reads as follows:

- “1. I have the honour to refer to the recently concluded negotiations between the European Coal and Steel Community and the Government of the Republic of Kazakhstan concerning a new ECSC steel agreement, in the course of which consultations took place with regard to problems concerning certain steel products covered by the EC and ECSC treaties which fall outside the scope of the ECSC steel Agreement.
2. Following these consultations the Parties hereby agree to establish a double-checking system, without quantitative limits, in respect of certain steel products in order to improve transparency and to avoid possible diversions of trade. The details of the double-checking system are annexed to this letter.
3. The present Exchange of Letters is without prejudice to the application of the relevant provisions of the bilateral agreements on trade and trade-related matters, in particular those relating to anti-dumping and safeguard measures.
4. Either Party may at any time propose modifications to the Annex or its appendices which shall require the mutual consent of the Parties and shall take effect as agreed by them. In the event that anti-dumping or safeguard investigations are initiated or measures introduced in the European Community concerning a product under the double-checking system, Kazakhstan will decide whether to exclude the product in question from the double-checking system. Such a decision shall not affect the entry into free circulation of the product in question into the Community.
5. In conclusion, I have the honour to propose that if this letter, its annex and appendices are acceptable to your Government, this letter and your confirmation shall together constitute an agreement between the European Community and Kazakhstan, which shall enter into force on the date of your reply.”

I have the honour to confirm that the above is acceptable to my Government and that your letter, this reply and the attached annex and appendices together constitute an agreement, in accordance with your proposal.

Please accept, Sir, the assurance of my highest consideration.

For the Government of the Republic of Kazakhstan.

## ANNEX

### **to the Agreement in the form of and Exchange of Letters between the European Community and the Government of establishing a double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from Kazakhstan to the European Community**

1.1. For the period running from the date on which this Agreement is applied between the Parties to 31 December 2001, unless both Parties agree to terminate the system earlier, imports into the Community of the products listed in Appendix I originating in Kazakhstan shall be subject to the presentation of a surveillance document conforming to the model shown at Appendix II issued by the authorities in the Community.

1.2. For the period running from the date on which this Agreement is applied to 31 December 2001, unless both Parties agree to terminate the system earlier, imports into the Community of the products listed in Appendix I and which originate in Kazakhstan shall, in addition, be subject to the issue of an export document by the competent Kazakh authorities. Presentation by the importer of the original of the export document must be effected not later than 31 March of the year following that in which the goods covered by the document were shipped.

1.3. An export document will not be required for goods already shipped to the Community before the date of application of this Agreement, provided that the destination of such products is not changed from a non-Community destination and that those products which, under the currently applicable prior surveillance regime, could be imported only on presentation of a surveillance document are in fact accompanied by such a document.

1.4. Shipment is considered to have taken place on the date of loading into the exporting means of transport.

1.5. The export document shall conform to the model shown in Appendix III. It shall be valid for exports throughout the customs territory of the Community.

1.6. Kazakhstan shall notify the Commission of the European Communities of the names and addresses of the appropriate Kazakh governmental authorities which are authorised to issue and to verify export documents together with specimens of the stamps and signatures they use. Kazakhstan shall also notify the Commission of any change in these particulars.

1.7. The classification of the products covered by this Agreement is based on the tariff and statistical nomenclature of the Community (hereinafter called the 'Combined Nomenclature', or in abbreviated form 'CN'). The origin of the products covered by this Agreement shall be determined in accordance with the rules in force in the Community.

1.8. The competent authorities of the Community undertake to inform Kazakhstan of any changes in the Combined Nomenclature (CN) in respect of products covered by this Agreement before their date of entry into force in the Community.

1.9. Certain technical provisions on the implementation of the double-checking system are set in out in Appendix IV.

2.1. Kazakhstan undertakes to supply the Community with precise statistical information on the export documents issued by the Kazakh authorities pursuant to 1.2. Such information shall be transmitted to the Community by the end of the month following the month to which the statistics relate.

2.2. The Community undertakes to supply the Kazakh authorities with precise statistical information on surveillance documents issued by Member States in respect of the export documents issued by the Kazakh authorities pursuant to 1.1. Such information shall be transmitted to the Kazakh authorities by the end of the month following the month to which the statistics relate.

3. If necessary, at the request of either of the Parties, consultations shall be held on any problems arising from the operation of the Agreement. Such consultations shall be held promptly. Any consultations held under this paragraph shall be approached by both Parties in a spirit of cooperation and with a desire to reconcile the difference between them.

4. Any notices to be given hereunder shall be given:

- in respect of the Community, to the Commission of the European Communities,
- in respect of Kazakhstan, to the Mission of the Republic of Kazakhstan to the European Communities.



## **APPENDIX I**

List of products subject to double-checking without quantitative limits

Kazakhstan

*Cold-rolled narrow strip of a width not exceeding 500mm*

7211 23 99

7211 29 50

7211 29 90

7211 90 90

*Grain non-oriented electrical sheet*

7211 23 91

7225 19 10

7225 19 90

7226 19 10

7226 19 30

7226 19 90

*Grain-oriented electrical sheet*

7226 11 90

**APPENDIX II**

**EUROPEAN COMMUNITY**

**SURVEILLANCE DOCUMENT**

<b>Holder's copy</b>	<b>1</b>	<b>1. Consignee</b> (name, full address, country, VAT number)	<b>2. Issue number</b>	
			<b>3. Proposed place and date of import</b>	
			<b>4. Authority responsible for issue</b> (name, address and telephone No)	
		<b>5. Declarant/representative as applicable</b> (name and full address)	<b>6. Country of origin</b> (and geonomenclature code)	
	<b>7. Country of consignment</b> (and geonomenclature code)			
	<b>1</b>		<b>8. Last day of validity</b>	
		<b>9. Description of goods</b>	<b>10. CN code and category</b>	
			<b>11. Quantity in kilograms (net mass) or in additional units</b>	
			<b>12. Value in euros, cif at Community frontier</b>	
<b>13. Additional remarks</b>				
<b>14. Competent authority's endorsement</b>				
Date :				
Signature:			Stamp:	

<b>15. ATTRIBUTIONS</b> Indicate the quantity available in part 1 of column 17 and the quantity attributed in part 2 thereof			
<b>16. Net quantity</b> (net mass or other unit of measure stating the unit)		<b>19. Customs document</b> (form and number) or <b>extract No and date of attribution</b>	<b>20. Name, Member State, stamp and signature of the attributing authority</b>
<b>17. In figures</b>	<b>18. In words for the quantity attributed</b>		
1.			
2.			
1.			
2.			
1.			
2.			
1.			
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1.			
2.			
1.			
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1.			
2.			

Extension pages to be attached hereto

**EUROPEAN COMMUNITY**

**SURVEILLANCE DOCUMENT**

<b>Copy for the issuing authority</b>	<b>2</b>	<b>1. Consignee</b> (name, full address, country, VAT number)	<b>2. Issue number</b>
			<b>3. Proposed place and date of import</b>
			<b>4. Authority responsible for issue</b> (name, address and telephone No)
		<b>5. Declarant/representative as applicable</b> (name and full address)	<b>6. Country of origin</b> (and geonomenclature code)
			<b>7. Country of consignment</b> (and geonomenclature code)
<b>2</b>			<b>8. Last day of validity</b>
		<b>9. Description of goods</b>	<b>10. CN code and category</b>
			<b>11. Quantity in kilograms (net mass) or in additional units</b>
			<b>12. Value in euros, cif at Community frontier</b>
<b>13. Additional remarks</b>			
<b>14. Competent authority's endorsement</b>			
Date :			
Signature:		Stamp:	

<b>15. ATTRIBUTIONS</b> Indicate the quantity available in part 1 of column 17 and the quantity attributed in part 2 thereof			
<b>16. Net quantity</b> (net mass or other unit of measure stating the unit)		<b>19. Customs document</b> (form and number) or <b>extract No and date of attribution</b>	<b>20. Name, Member State, stamp and signature of the attributing authority</b>
<b>17. In figures</b>	<b>18. In words for the quantity attributed</b>		
1.			
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Extension pages to be attached hereto

**APPENDIX III**

1 Exporter (name, full address, country)	<b>ORIGINAL</b>		2	<b>No</b>
	3 Year	4 Product group		
5 Consignee (name, full address, country)	<b>EXPORT DOCUMENT</b> (ECSC and EC steel products)			
	6 Country of origin	7 Country of destination		
8 Place and date of shipment – means of transport	9 Supplementary details			
10 Description of goods - manufacturer	11 CN code	12 Quantity <sup>(1)</sup>	13 Fob value <sup>(2)</sup>	
14 CERTIFICATION BY THE COMPETENT AUTHORITY				
15 Competent authority (name, full address, country)	At ..... on .....			
	(Signature)	(Stamp)		

(1) Show net weight (kg) and also quantity in the unit prescribed where other than net weight.  
(2) In the currency of the sale contract.

(1) Show net weight (kg) and also quantity in the unit prescribed where other than net weight.  
 (2) In the currency of the sale contract.

1 Exporter (name, full address, country)	<b>COPY</b>		2 <b>No</b>	
	3 Year		4 Product group	
5 Consignee (name, full address, country)	<b>EXPORT DOCUMENT</b> (ECSC and EC steel products)			
	6 Country of origin		7 Country of destination	
8 Place and date of shipment – means of transport	9 Supplementary details			
10 Description of goods - manufacturer	11 CN code	12 Quantity <sup>(1)</sup>	13 Fob value <sup>(2)</sup>	
14 CERTIFICATION BY THE COMPETENT AUTHORITY				
15 Competent authority (name, full address, country)	At ..... on .....			
	(Signature)		(Stamp)	

## **APPENDIX IV**

### **KAZAKHSTAN**

#### Technical Annex on the double-checking system

1. The export documents shall measure 210 × 297 mm. The paper used shall be white writing paper, sized, not containing mechanical pulp, and weighing not less than 25 g/m<sup>2</sup>. They shall be made out in English. If they are completed by hand, entries must be in ink and in printed script. These documents may comprise additional copies duly indicated as such. If the documents have several copies only the top copy is the original. This copy shall be clearly marked as 'original' and other copies as 'copies'. Only the original shall be accepted by the competent authorities of the Community as being valid for the control of export to the Community in accordance with the provisions of the double-checking system.

2. Each document shall bear a standardised serial number, whether or not printed, by which it can be identified. This number shall be composed of the following elements:

- two letters identifying the exporting country as follows: KZ = Kazakhstan,

- two letters identifying the intended Member State of customs clearance as follows:

DK = Denmark

DE = Germany

EL = Greece

ES = Spain

FR = France

IE = Ireland

IT = Italy

LU = Luxembourg

NL = Netherlands

AT = Austria

PT = Portugal

FI = Finland

SE = Sweden

GB = United Kingdom,

- a one-digit number identifying the year, corresponding to the last figure in the respective year, e.g. "0" for 2000,

- a two-digit number from 01 to 99, identifying the particular issuing office concerned in the exporting country,



- a five-digit number running consecutively from 00001 to 99999 allocated to the intended Member State of customs clearance.

3. The export documents shall be valid for the calendar year during which they are issued, as shown in Box N° 3 of the export document.

4. Since the importer needs to present the original export document when requesting an import document, export documents should, as far as possible, be issued in respect of individual commercial transactions, not global contracts.

5. Kazakhstan need not show price information on the export document, but that information is available to the Commission authorities on request.

6. Export documents may be issued after the shipment of the products to which they relate. In such cases they must bear the endorsement 'issued retrospectively`.

7. In the event of a theft, loss or destruction of an export document, the exporter may apply to the competent governmental authority which issued the document for a duplicate to be made out on the basis of the export documents in his possession. The duplicate of any such document so issued shall bear the endorsement 'duplicate`. The duplicate shall bear the date of the original export document.

8. The competent authorities of the Community shall be informed immediately of the withdrawal or modification of any export documents already issued and, where relevant, of the basis for such action.

## FINANCIAL STATEMENT

1. Budget heading involved:

Chapter 12

2. Legal Basis:

Article 95 ECSC

3. Title of measure:

Agreement between the European Coal and Steel Community and Kazakhstan on trade in certain steel products. (The double-checking system without quantitative limitations has no financial implications for the Community budget).

4. Purpose:

To conclude a new steel agreement with Kazakhstan establishing quantitative limits on the amount of certain ECSC steel products which can be imported into the Community in the period 2000-2001.

5. Method of calculation:

The average duty in respect of the products in question is, for the two years covered by the agreements: 1.5% and 1.0% (in line with Uruguay Round commitments).

Applying the average duty to the quantities foreseen in the agreements at present average values of 260€/tonne gives the following theoretical net gain to the Community's resources:

Kazakhstan: € 305 312 in 2000 and € 208 629 in 2001.