

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 11 June 1975

Proposal for a

REGULATION (EEC) OF THE COUNCIL

opening, allocating and providing for the administration of Community tariff quotas for certain textile products falling within headings Nos 55.05 and 55.09 and sub-heading No ex 58.01 A of the Common Customs Tariff (1976) coming from Turkey

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

1. As a result of negotiations with Turkey on the adjustments to be made to the Association Agreement between that country and the Community and the Additional Protocol, to take account of the accession of new Member States, the Community signed in Ankara on 30 June 1973 a Supplementary Protocol which will enter into force once it has been ratified.

In the meantime, the Community has concluded an Interim Agreement which in theory runs only for the period prior to the entry into force of this Supplementary Protocol but

in order to implement, from

1 January 1974, certain provisions of that Protocol relating to trade in goods.

2. In the abovementioned Supplementary Protocol and Interim Agreement, provision is made in particular in respect of textile products for the opening of the following annual Community tariff quotas, subject to the conditions laid down for each product :

CCT heading No	Description	Annual tariff quota	Duty
55.05	Cotton yarn, not put up for retail sale	390 metric tons	75% reduction
55.09	Other woven fabrics of cotton	1 390 metric tons	75% reduction

They also determine for these products the allocation among the Member States of the annual tariff quotas for textile products. This allocation is as follows :

Cotton yarn (heading No 55.05)

Community as originally constituted	300 metric tons
Denmark	40 metric tons
Ireland	10 metric tons
United Kingdom	40 metric tons

Other woven fabrics of cotton (heading No 55.09)

Community as originally constituted	1 000 metric tons
Denmark	20 metric tons
Ireland	10 metric tons
United Kingdom	360 metric tons

3. It is not at present possible to say whether the tariff measures proposed for Turkey under these agreements are to be granted for 1975 on the basis of the Supplementary Protocol or of the Interim Agreement, whose period of validity would have to be extended.

The attached Proposals for Regulations, are based on the Supplementary Protocol and could therefore be modified should the Protocol not come into force on 1 January 1976.

Another problem arises in connection with the size of the quotas to be opened for 1975, in view of the decision taken by the Association Council during June 1973 to grant Turkey treatment as favourable as that granted to countries benefiting from generalized tariff preferences.

As the decisions on the system to be applied to the developing countries will not be taken until very late this year, it seems appropriate to make provision, in the proposals for 1976, for the initial adjustment to be identical to that made for 1975 and for the situation to be reviewed either during the Council's deliberations if that were possible, or if necessary in 1976.

5. The adjustment of the advantages referred to under 4, would therefore consist in:

- (i) the granting of total suspension of the applicable customs duties and two increases of 50 % and then of 5 % in the tariff quotas for the two products in question;
- (ii) the granting of a tariff quota of 168 metric tons, at a zero rate of duty, for certain carpets of wool or of fine hair (heading No ex 58.01 A);
- (iii) provision for a review of the above tariff quotas as a result of the Decision taken in the context of the Generalised Tariff Preferences System.

6. As regards the economic information to be used in determining the basis for the proposed allocation of the tariff quotas concerned, it should be remarked that they should be based principally on Member States' imports, actual and estimated, specifically originating in or coming from Turkey for the categories of products considered.

Thus, although it has been possible to draw up the appropriate information for the years 1972 to 1974, nevertheless because of the irregularity noted in imports during these reference years, it has not necessarily been possible to deduce any firm basis of assessment. For this reason, as is customary, the quota volumes attributed to the original Community have been

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divided into two tranches, the first tranche being allocated among the Member States, and the second held as a reserve to cover any additional requirements which might come to light in those Member States. The quotas of the new Member States are fixed in accordance with the provisions of paragraph 2, uplifted as indicated in paragraph 4 above.

7. The Proposal for a Regulation on textile products provides for a single method of counting imports against quota shares in the Member States concerned, namely as and when they are entered for home use.

8. It should be noted in addition that the proposed rules for allocation of the tariff quotas among Member States and the method of administering the quotas have already been examined at a meeting of the "Economic Tariff problems" Group between 14 and 18 April 1975, and that the Member States experts gave a favourable initial opinion on them.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission;

Whereas, under the terms of Article 7 of the Supplementary Protocol signed in Ankara on 30 June 1973 containing the adjustments to be made to the Agreement establishing an Association between the European Economic Community and Turkey and to the Additional Protocol¹ consequent on the Accession of new Member States, the Community is required, each year, to reduce by 75% the customs duties on imports from Turkey of certain textile products falling within heading Nos 55.05 and 55.09 of the Common Customs Tariff, within the limit of annual Community tariff quotas of 390 metric tons for cotton yarn and 1 390 metric tons for woven fabrics of cotton, whereas Article 14 of the above-mentioned Supplementary Protocol allocates these Community tariff quotas as follows:

- for cotton yarn:

300 metric tons to the Community as originally constituted, 40 metric tons to Denmark, 10 metric tons to Ireland and 40 metric tons to the United Kingdom;

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¹OJ No L 293, 29 December 1972, p. 4.

- for woven fabrics of cotton:

1000 metric tons to the Community as originally constituted,
20 metric tons to Denmark, 10 metric tons to Ireland and 360 metric
tons to the United Kingdom;

Whereas, moreover, it appears desirable to provide for a provisional
adjustment of the tariff advantages for these goods:

- for the Community as originally constituted by a total suspension
of the customs duties of the Common Customs Tariff, and increases of
50 % and then of 5 % of the volume of quotas allocated to these Member States;
- for the new Member States by a total suspension of the duties
applicable within the limits of the quotas fixed above, increased
in the same proportion;

whereas these adjustments may, if necessary, be reviewed during the
tariff year;

Whereas pursuant to Article 1 of Annex No 2 to the Additional
Protocol together with Article 9 of the Supplementary Protocol, for
the duration of 1976 in particular, the Community must reduce by 25%
the duties applicable in respect of third countries to carpets,
carpeting and rugs, knotted (made up or not) of wool or of fine
animal hair (with the exception of hand-made carpets) imported from
Turkey; whereas it also appears advisable to improve this tariff
advantage provisionally by means of a total suspension of the duties
applicable to the products in question within a Community tariff
quota fixed initially at 168 metric tons and allocated in accordance
with the same percentages as those adopted for 1975;

Whereas, in order to comply with the special provisions of the
Supplementary Protocol, different systems should be provided for the
Member States of the Community as originally constituted and for the
new Member States;

Whereas, as regards the Community as originally constituted:

- equal and continuous access to the quotas should be ensured for all importers and the rate of duty for the tariff quotas should be applied consistently to all imports on the product in question until the quotas are exhausted;
- in the light of these principles, arrangements for the utilization of these tariff quotas based on an allocation among Member States would seem to be consistent with the Community nature of the quotas; whereas, in order that it may correspond as clearly as possible to the actual trend of the market in the product in question, allocation of the quotas should be in proportion to the requirements of the Member States as calculated by reference to statistics of imports from Turkey during a representative reference period and to the economic outlook for the quota period in question; whereas, in spite of the limited need for imports from Turkey of the products concerned, as shown by the statistics for the majority of the Member States the Community character of the tariff quotas concerned should be safeguarded by making provisions to cover needs which might arise in these Member States;
- imports into the various Member States from Turkey were as follows during the past three years for which complete statistics are available:

	1972		1973		1974	
	metric tons	%	metric tons	%	metric tons	%
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<u>Cotton yarn</u>						
Germany	11 736	48.35	10 734	42.56	6 333	29.01
Benelux	6 144	25.31	6 795	26.95	7 000	32.07
France	412	1.70	162	0.64	1 806	8.27
Italy	5 982	24.64	7 527	29.85	6 690	30.65
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	1972		1973		1974	
	metric tons	%	metric tons	%	metric tons	%
<u>Other woven fabrics of cotton</u>						
Germany	570	21.17	877	30.62	456	24.52
Benelux	995	36.96	953	33.27	1,000	53.76
France	747	27.75	412	14.39	194	10.43
Italy	380	14.12	622	21.72	210	11.29

- in view of these figures and foreseeable market trends for the products concerned during 1976, the initial shares may be fixed approximately at the following percentages:

	<u>Cotton yarn</u>	<u>Other woven fabrics of cotton</u>
Germany	43.8	23.1
Benelux	19.7	30.8
France	5.2	34.6
Italy	31.3	11.5

Whereas, to take account of future import trends for the product concerned, each quota should be divided into two tranches, the first being allocated and the second held as a reserve to cover subsequently the requirements of Member States which have exhausted their initial shares; whereas, to give importers some degree of certainty, the first tranche of the quotas should be fixed at a relatively high level, approximately 80% of their full amounts;

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- Member States may exhaust their initial shares at different rates; whereas to avoid disruption of supplies on this account it should be provided that any Member State which has almost used up one of its initial shares should draw an additional share from the reserve; whereas each time its additional share is almost exhausted a Member State should draw a further share, and so on as many times as the reserve allows; whereas the initial and additional shares should be valid until the end of the quota period; whereas this form of administration requires close collaboration between the Member States and the Commission, and the Commission must be in a position to keep account of the extent to which the quotas have been used up and to inform the Member States accordingly;
- if at a given date in the quota period a considerable quantity of one of a Member State's initial shares remains unused it is essential, to prevent a part of one of the quotas from remaining unused in one Member State while it could be used in others, that such State should return a proportion thereof to the reserve;
- since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united within and jointly represented by the Benelux Economic Union, any transaction in respect of the administration of the shares allocated to that Economic Union may be carried out by any one of its members;

Whereas as regards the new Member States in particular:

- the quota volumes to be allocated to those new Member States under Article 14 of the Supplementary Protocol as well as the duties to be applied in those Member States for the purposes of these quotas determined in accordance with Article 9 of the said Protocol, are to be adjusted as set out below;

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- equal and continuous access to the quotas should be ensured for all importers and the rate of duty for the tariff quotas should be applied consistently to all imports of the products concerned until the quotas are exhausted.

HAS ADOPTED THIS REGULATION:

Article 1

1. From 1 January and until 31 December 1976, Community tariff quotas be opened for the following products coming from Turkey, as shown below:

CCT heading No	Description	Quota
55.05	Cotton yarn, not put up for retail sale	930 metric tons
55.09	Other woven fabrics of cotton	2 190 metric tons
58.01	Carpets, carpeting and rugs (made up or not): ex A. Of wool or of fine animal hair with the exclusion of hand-made carpets	168 metric tons

2. The quotas shall be allocated and administered in accordance with the following provisions.

SECTION I

Provisions relating to the Community as originally constituted

Article 2

1. Within the quota Customs Tariff duties shall be totally suspended within the limit of 788 metric tons

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for cotton yarn not put up for retail sale, 1,575 metric tons for other woven fabrics of cotton, and 117 metric tons for carpets made of wool or fine animal hair.

Article 3

1. The quotas referred to in Article 2 shall be divided into two tranches.

2. The first tranche of each of these quotas shall be allocated among the Member States; the shares which, subject to Article 6, shall be valid until 31 December 1976, shall be as follows:

(in metric tons)

	CCT heading No		
	55.05	55.09	ex 58.01 A
Germany	252	240	34.7
Benelux	113	320	12.9
France	30	360	24.4
Italy	180	120	18.0
	575	1 040	90.0

The second tranche of each quota, amounting to 213,535 and 27 metric tons respectively, shall constitute the corresponding reserve.

Article 4

1. As soon as a Member State has used 90% or more of one of its initial shares as fixed in Article 3(2), or of that share minus any portion returned to the reserve pursuant to Article 6, it shall forthwith, by notifying the Commission, draw a second share, to the extent that the reserve

so permits, equal to 15% of its initial share rounded as necessary up to the next whole number.

2. As soon as a Member State, after exhausting one of its initial shares, has used 90% or more of the second share drawn by it, that Member State shall forthwith, in the manner and to the extent provided in paragraph 1, draw a third share equal to 7.5% of its initial share.

5. As soon as a Member State, after exhausting its second share, has used 90% or more of the third share drawn by it, that Member State shall, in the same manner and to the same extent, draw a fourth share equal to the third.

It shall continue in this fashion until the reserve is exhausted.

4. By way of derogation from paragraphs 1, 2 and 3, a Member State may draw shares lower than those specified in those paragraphs if there are grounds for believing that those specified may not be used in full. Any Member State applying this paragraph shall inform the Commission of its grounds for so doing.

Article 5

Additional shares drawn pursuant to Article 4 shall be valid until 31 December 1976.

Article 6

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The Member States shall return to the reserve, not later than 1 October 1976, the unused portion of their initial share which, on 15 September 1976, is in excess of 20 % of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

Member States shall, not later than 1 October 1976, notify the Commission of the total quantities of the product in question imported up to and including 15 September 1976 and charged against the Community quotas and of any portion of their initial shares to each of the reserves.

Article 7

The Commission shall keep an account of the shares opened by the Member States pursuant to Articles 3 and 4 and shall, on receipt of the information, inform each State of the extent to which the reserves have been used up.

It shall, not later than 5 October 1976, inform the Member States of the amounts still in reserve following any return of shares pursuant to Article 6.

It shall ensure that when an amount exhausting one of the reserves is drawn the amount so drawn does not exceed the balance available, and to this end shall notify the amount of that balance to the Member State making the last drawing.

Article 8

1. Every Member State shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 4 are opened in such a way that importations may be charged without interruption against its accumulated share of the Community quotas.

SECTION II

Provisions relating to the new Member States

Article 9

1. Within the tariff quotas referred to in Article 1, the following shares shall be allocated to the new Member States:

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(in metric tons)

	55.05	55.09	ex 58.01 A
Denmark	63	32	12
Ireland	16	16	2
United Kingdom	63	567	37
	142	615	51

2. Within the limits of these quotas, the new Member States shall apply zero duties for the textile products concerned.

SECTION III

General provisions

Article 10

1. Every Member State shall take all measures necessary to ensure that importers of the product in question established in its territory have free access to the shares allocated to it.

2. Every Member State shall charge importations of the products in question against its share as and when such products are entered with the customs authorities for home use.

3. The extent to which a Member State has used up its share shall be determined on the basis of the importations against that share in accordance with paragraph 2.

Article 11

Every Member State shall notify the Commission at regular intervals of the importations charged against its shares.

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Article 12

The Member States and the Commission shall cooperate closely to ensure that this Regulation is complied with.

Article 13

This Regulation shall enter into force on 1 January 1976.

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

Done at Brussels,

For the Council
The President

