

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 488 final.

Brussels, 13 October 1977

Proposal for a  
COUNCIL REGULATION (EEC)

opening and providing for the administration of a Community preferential ceiling for certain petroleum products refined in Turkey and establishing Community supervision of imports of these products

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(submitted to the Council by the Commission)

COM(77) 488 final.



EXPLANATORY MEMORANDUM

1. As a consequence of the Accession of the new Member States and the ensuing negotiations with Turkey for the purpose of adjusting her Association Agreement with the Community and its Additional Protocol, the Community signed at Ankara, on 30 June 1973, a Supplementary Protocol which will enter into force on ratification.

Pending entry into force of the Protocol the Community concluded an Interim Agreement, intended to be valid only until the Protocol does enter into force, in order to secure the application from 1 January 1974 of certain provisions of the Protocol relating to trade in goods.

The Supplementary Protocol and the Interim Agreement provide inter alia for the opening of an annual Community tariff quota of 340 000 metric tons for certain petroleum products falling under Chapter 27 of the Common Customs Tariff.

It is not possible to say at the moment whether the tariff measures laid down by these Agreements in Turkey's favour should be granted for 1978 on the basis of the Supplementary Protocol or of the Interim Agreement, the validity of which would have to be prolonged. The proposed Regulation annexed hereto is based on the Interim Agreement and would therefore have to be amended if the Supplementary Protocol entered into force before 1 January 1978.

2. As a result of the decision by the Council of Association in June 1973 that Turkey should be treated no less favourably than the countries benefiting from generalised tariff preferences, the Commission and the Turkish authorities have studied the problem of giving equivalent tariff treatment to both the developing countries and Turkey.

The Community tariff quotas opened in favour of the developing countries during the years 1971 to 1973 were converted with effect from 1 January 1974 into Community ceilings, volumes being calculated by the usual method. For 1975 these volumes were fixed at the 1974 levels plus 12%, for 1976 they were fixed at the 1975 level plus 15%, for 1977 at the 1976 level plus (for the most part) 4.6% and for 1978 at the 1977 levels.

When the problem had been studied, the Commission ultimately recognised that <sup>already</sup> for 1976, in view of the provisions of paragraph 4 of the Sole Article of Annex I to the Additional Protocol, the tariff quota of 340 000 metric tons laid down in Turkey's favour should be converted into a Community ceiling with the volume increased provisionally in the proportions used for.

The only purpose of the proposed Regulation is to open in the case of these products for 1978 a Community ceiling fixed at 458 000 metric tons and to set up Community supervision of importations of these products.

The Member States' experts who attended the consultation meeting of the Group on Economic Tariff Problems (13/14 April 1977) expressed approval in principle of the proposed plan of action, with the exception of those of some Member States who made a waiting reserve.

3. Adoption of precise common rules uniformly applied by the Member States will be necessary if the ceilings system incorporating entitlement to reintroduce the customs duties is to work successfully. These requirements can be met by setting up a Community system for supervising imports actually made from the partner country. Member States will accordingly require to take steps to ensure that statistical data for the whole of the Community can be collected rapidly. For this purpose importations will be counted only as the goods are actually entered with the customs authorities for home use.

Statistics will be compiled by each Member State at the end of each month and will be forwarded to reach the Commission by the fifteenth day of the following month in order to enable it to communicate to Member States by telex an inclusive return of the imports system will call for the exercise of careful attention by the relevant departments in the Member States and for close cooperation between these departments and the Commission.

The following system will be adopted for setting off the mechanism for reintroducing duties : when one of the inclusive monthly returns drawn up by the Commission shows that 75 % of the ceiling figure has been reached, the Commission will inform the Member States and consultations may then be held - particularly in the Group on Economic Tariff Problems - either at the request of a Member State or on the initiative of the Commission. The purpose of the consultations will be to consider whether or not to recommence collecting customs duties at the third-country rate when the ceiling has actually been reached.

A monthly return will continue to be made for the product in question. If the Commission so requests, returns will be made every ten days by telex, within a time limit of ten days.

The Commission will thus be in a position to take quick action to restore by regulation customs duties on imports from the partner country until the end of the calendar year. Naturally, in such a case reintroduction of the duties would be effective from a date fixed by the regulation ending the duty reduction laid down.

4. The proposed Regulation provides that the Council should delegate authority to the Commission as regards application of the rules on ceilings and introduction of duties.

The proposed Regulation only sketches a general framework for the exercise of these powers in order that the mechanism to be used can be flexibly and rapidly adjusted, in consultation with the Member States. It is precisely with this aim of optimum efficiency and rapidity that the proposed Regulation gives the Commission the task of reintroducing third-country rate duties on imports of the goods in question from the partner country.

ANNEX : Proposal for a Council Regulation



Proposal for a  
COUNCIL REGULATION (EEC)

opening and providing for the administration of a  
Community preferential ceiling for certain petro-  
leum products refined in Turkey and establishing  
Community supervision of imports thereof

**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, pending the entry into force 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 Protocol (1) consequent on the accession of new Member States, the Community has undertaken, in an Interim Agreement (2) which runs only for the period prior to the entry into force of this Supplementary Protocol, which is applicable until 31 December 1974 but which has been extended for 1978 in accordance with the terms laid down in Article 13 thereof, to implement certain provisions of the Supplementary Protocol relating to trade in goods; whereas under Article 6 of the Interim Agreement amending the first paragraph of the Sole Article of Annex 1 to the Additional Protocol, the Community must totally suspend the customs duties applicable to certain petroleum products falling within Chapter 27 of the Common Customs Tariff, refined in Turkey, within the limit of an annual Community tariff quota of 340 000 tonnes; whereas, for the products concerned a provisional adjustment should be made to these tariff preferences, consisting essentially of substituting for the Community tariff quota a Community ceiling which amounts, after successive increases, to 458 000 tonnes, above which the customs duties applicable to third countries may be reintroduced;

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(1) OJ L 293 of 29.12.1972, p. 4

(2) OJ L 277 of 3.10.1973, p. 2.

Whereas the application of the ceiling requires that the Community should be regularly informed of the trend of imports of the products refined in Turkey; whereas imports of these products should therefore be subjected to a system of supervision;

Whereas this objective may be attained by means of an administrative procedure based on setting off imports of the products in question against the ceiling, at Community level, as and when these products are submitted to the customs authorities under cover of declarations that they have been made available for home use; whereas this administrative procedure must make provision for the reintroduction of the Common Customs Tariff duty as soon as the said ceiling has been reached at Community level;

Whereas this administrative procedure requires close and very rapid cooperation between the Member States and the Commission, which must be able to monitor the amounts set off against the ceiling and keep the Member States informed thereof; whereas this cooperation must be all the closer to enable the Commission to take adequate measures to reintroduce the Common Customs Tariff duty whenever the ceiling is reached,

HAS ADOPTED THIS REGULATION :

Article 1

1. From 1 January to 31 December 1978 the Common Customs Tariff duties shall, subject to Article 2, be totally suspended for the petroleum products, refined in Turkey, specified below, within a limit of a Community ceiling of 458 000 tonnes:

| GCT heading No | Description  |
|----------------|--|
| 1              | 2  |
| 27.10          | Petroleum oils and oils obtained from bituminous minerals other than crude; preparations not elsewhere specified or included, containing not less than 70 % by weight of petroleum oil or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations : |

.../...



| 1                    | 2   |
|----------------------|---|
| 27.10<br>(continued) | <p>A. Light oils :</p> <p>    III. For other purposes :</p> <p>B. Medium oils :</p> <p>    III. For other purposes</p> <p>C. Heavy oils :</p> <p>    I. Gas oils :</p> <p>        o) For other purposes</p> <p>    II. Fuel oils :</p> <p>        o) For other purposes</p> <p>    III. Lubricating oils, other oils :</p> <p>        o) To be mixed in accordance with the terms<br/>            of Additional Note 7 to Chapter 27 (a)</p> <p>        d) For other purposes</p> |
| 27.11                | <p>Petroleum gases and other gaseous hydrocarbons :</p> <p>B. Other :</p> <p>    I. Commercial propane and commercial butane :</p> <p>        o) For other purposes</p>   |
| 27.12                | <p>Petroleum jelly :</p> <p>A. Crude :</p> <p>    III. For other purposes</p> <p>B. Other</p>   |
| 27.13                | <p>Paraffin wax, micro-crystalline wax, slack wax,<br/>ozokerite, lignite wax, peat wax and other mine-<br/>ral waxes, whether or not coloured :</p> <p>B. Other :</p> <p>    I. Crude :</p> <p>        o) For other purposes</p> <p>    II. Other</p>  |
| 27.14                | <p>Petroleum bitumen, petroleum coke and other resi-<br/>dues of petroleum oils or of oils obtained from<br/>bituminous minerals :</p> <p>C. Other</p>  |

Entry under this sub-heading is subject to conditions to be determined by the competent authorities.

2. Imports of the petroleum products referred to in paragraph 1 shall be subject to Community supervision.
3. Imports of the products shall be set off against the ceiling as and when they are submitted to the customs authorities under cover of a declaration that they have been made available for home use.
4. The reaching of the ceiling shall be determined at Community level on the basis of the imports set off against it in the manner defined in paragraph 3.
5. Member States shall inform the Commission at the intervals and within the time limits specified in Article 3 of any imports effected in accordance with the above rules.

#### Article 2

As soon as the ceiling referred to in Article 1 (1) has been reached at Community level, the Commission may issue a Regulation reintroducing the Common Customs Tariff duties applicable to third countries until the end of the calendar year.

#### Article 3

Member States shall forward to the Commission not later than the fifteenth day of each month a statement of the imports effected during the preceding month. If the Commission so requests, they shall forward this statement, in respect of ten day periods, within ten clear days of the expiry of each such ten day period.

#### Article 4

The Commission shall take all necessary measures for the implementation of this Regulation in close cooperation with the Member States.

Article 5

The Member States shall forward to the Commission within 45 days of the publication of this Regulation in the Official Journal of the European Communities, the provisions they have adopted with a view to its application.

Article 6

This Regulation shall enter into force on 1 January 1978.

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

Done at Brussels,

For the Council,

The President

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1. Budget Line concerned : Ch. 12 Art. 120

2. Legal basis : Art. 113 of the Treaty

3. Title of the tariff measure :

Proposal for a Regulation of the Council for the opening and method of administration of a Community preference ceiling for certain petroleum products refined in Turkey and for establishing a Community surveillance system for imports of these products (1978)

4. Objectives :

Respect of engagements made with Turkey

5. Method of calculation :

- No of CCT : 27.10 to 27.14
- Volume of ceiling : 458 000 metric tons
- Quota duty rate : 0%
- Duty rate CCT : various

6. Loss of receipts :

- if use is total : between 2 116 000 and 3 023 000 EUR (according to the type of products imported)
- if use is comparable with that of the last 3 years (23%) : between 486 000 and 695 000 EUR (according to the type of products imported)