

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 97 final

Brussels, 23 March 1977

Draft

ACP-EEC Council of Ministers Decision

derogating from the concept of originating products in order  
to take into account the special situation of the Republic  
of Malawi with regard to certain items of fishing tackle  
(fishing flies)

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(submitted to the Council by the Commission)

COM(77) 97 final



## EXPLANATORY MEMORANDUM

### I. Submission of the request

By letter of 6 July 1976, the Government of the Republic of Malawi forwarded to the Commission through its Chargé d'Affaires in Brussels an application requesting the insertion in List B of heading No ex 97.07 : fishing flies, so that the manufacture of a fishing fly from a "non-originating" fish-hook falling within the same tariff heading may be considered as conferring the origin of the country of manufacture to the finished product.

Artificial flies are made by assembling feathers, hairs or spangles, on a fish-hook by means of a thread. Malawi imports virtually all the products needed for the manufacture of artificial flies from other countries, so that for the operations involved to confer the status of originating product on a finished product, they must either entail a change in the tariff heading of the components, or be included in List B annexed to Protocol No 1 to the Lomé Convention. Although the products used to "dress" the fish-hook do in fact change their tariff heading, the fish-hook itself does not, since artificial fishing flies and fish-hooks are classified under the same tariff heading, namely No 97.07, and the flies obtained do not therefore acquire the status of originating products. There only remains the possibility covering the manufacture of these flies in List B.

An examination of the case by the Commission and the Member States showed that although Malawi imported fish-hooks from Japan, Norway and Sweden, it was nevertheless possible to obtain supplies within the Community.

Consequently, the Commission and the Member States felt that there was no case for making a change to List B.

This position was explained to the ACP States during the meeting of the Customs Cooperation Committee on 17 December 1976, at which the ACP spokesman then stated that Malawi would accordingly review its sources of fish-hook supplies and that in the immediate future a temporary derogation under Article 27 of Protocol No 1 to the Lomé Convention would enable it to make the necessary investigations.

## II. Opinion of Commission departments

This industry, which does not need large-scale investment, employs at present about 200 people and its exports came to approximately 75 000 EUA in 1975, which Malawi hopes to increase soon to 225 000 EUA.

The value added is considerable. According to information supplied by the producers, the price of the basic materials is less than a third of the value of the finished product and if non-originating products alone are taken into account, their share of the finished product falls to less than a quarter. In order to avoid possible deflection of trade and on the basis of figures supplied, a maximum content of non-originating elements could be imposed, and this could be fixed at 25 % in order to to create any problems for the manufacturers concerned.

As stated earlier, there are industries within the Community capable of supplying fish-hooks so that the conditions required for complying with the definition of the concept of originating products by application of the rules on cumulation, as specified in Protocol No 1 to the Lomé Convention, would be met.

However, the manufacturers concerned should be given some time to make the necessary business contacts and to conclude supply contracts. For this reason a temporary derogation, limited to one year, should be granted to Malawi.

The Commission therefore recommends the following draft decision.

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special situation of the Republic of Malawi with regard to certain items  
of fishing tackle (fishing flies)

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THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the ACP-EEC Convention of Lomé, signed on 28 February 1975,  
hereafter called "the Convention", and in particular Article 9 (2) thereof,

Whereas Article 27 of Protocol No 1 to the Convention, concerning the  
definition of the concept of "originating products" and methods of admini-  
strative cooperation, makes provision for derogations from the rules of origin  
in particular to facilitate the development of existing industries or  
the creation of new industries;

Whereas the ACP States have submitted a request from the Government of  
the Republic of Malawi for a one-year derogation from the definition set  
out in the Protocol for items of fishing tackle manufactured in that State;

Whereas, in accordance with Article 27 of Protocol No 1, the Customs  
Cooperation Committee has adopted a report on the request referred to  
above;

Whereas in order to take into account the special situation of the Republic  
of Malawi and to enable the industrial sector concerned to develop the  
industry concerned and to seek new sources of supply for the raw materials  
needed in the manufacture of the items referred to above, derogation should  
accordingly be made, for a maximum of one year, from the definition set  
out in Protocol No 1 to the Convention;

Whereas any possible deflection of trade should be avoided and this aim  
can be achieved by fixing a maximum percentage of non-originating products  
incorporated in the finished product,

HAS DECIDED :

Article 1

By way of derogation from the provisions of Protocol No 1, items of fishing tackle manufactured in Malawi and falling within tariff heading No ex 97.07 "fishing flies", shall be considered as originating in Malawi, provided that the value of the non-originating fish-hooks, used for their manufacture, falling within tariff heading No ex 97.07, does not exceed 25% of the value of the finished product.

Article 2

The movement certificates EUR 1 issued pursuant to this Decision shall bear one of the following endorsements:

- "Originating products by virtue of decision No /77 of the ACP-EEC Council of Ministers"
- "Marchandises originaires en vertu de la décision no /77 du Conseil des Ministres ACP-CEE"
- "Ursprungswaren gemäss Beschluss Nr. /77 des AKP-EWG Ministerrates"
- "Merci originarie in virtu della decisione no /77 del Consiglio dei Ministri ACP-CEE"
- "Goederen van oorsprong uit hoofde van besluit nr. /77 van de ACS-EEG Raad van Ministers"
- "Varer med oprindelsestatus i henhold til AVS-EØF Ministerradets afgørelse no /77".

This endorsement shall be entered under the heading "Remarks".

Article 3

The competent authorities of the Republic of Malawi shall forward to the Commission every three months a statement of the quantities in respect of which movement certificates EUR.1 have been issued pursuant to this Decision, indicating the Member States of destination.

Article 4

The ACP States, the Member States and the Community shall, each one for its part, take the measures required for implementation of this Decision.

Article 5

This Decision shall enter into force on 1 June 1977.

It shall apply until 31 May 1978.

Done at

For the ACP-EEC Council of Ministers

The President

