

HILLMAN

COMMISSION OF THE EUROPEAN COMMUNITIES

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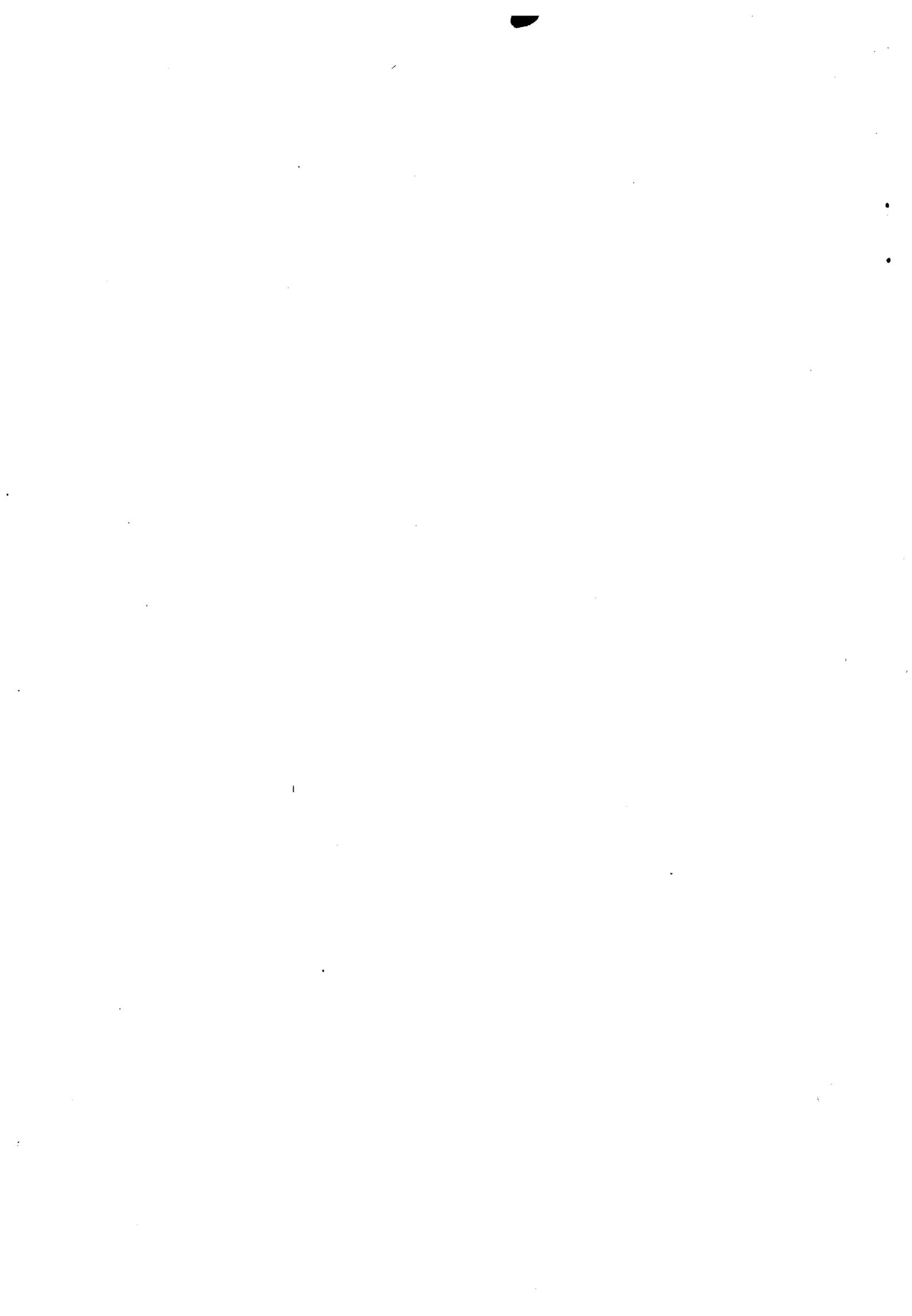
Brussels, 2 July 1976.

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Proposal for a
REGULATION (EEC) 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

(submitted to the Council by the Commission)

COM(76) 334 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 1977 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 Supplementary Protocol and would therefore have to be amended if the Supplementary Protocol did not enter into force on 1 January 1977.

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 generalized 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%, and for 1976 they were fixed at the 1975 level plus 15%.

When the problem had been studied, the Commission ultimately recognized that ^{already} 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 1977 a Community ceiling fixed provisionally at 437 920 metric tons (340 000 tons + 12 % ^{+ 15%} 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 (24/28 April 1975) expressed approval in principle of the proposed plan of action, with the exception of those of one Member State 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.

Proposal for a
REGULATION (EEC) OF THE COUNCIL

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 of these
products

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 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 Euro-
pean Economic Community and Turkey, and to the Additional Protocol,
consequent on the Accession of the new Member States, the Community must
each year totally suspend the customs duties applicable to certain
petroleum products falling within Chapter 27 of the Common Customs
Tariff, within the limit of an annual Community tariff quota of
340 000 metric tons; whereas for the products concerned a provisional
adjustment to these tariff preferences should be made consisting basi-
cally in substituting for the Community tariff quota a Community cei-
ling amounting, after an increase of 12 %, then of 15% to 437 920 metric tons,
above which the customs duties applicable to third countries may be
reintroduced; whereas this adjustment can be reviewed in the light
of any requirements necessary, in the course of the year to which it applies;
whereas in accordance with Article 9 of the said Supplementary Proto-
col nil rates of duty are to be applied by the new Member States to
the products in question;

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4

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 it is therefore desirable that imports of these products 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 customs tariff duties as soon as the said ceiling has been reached at Community level;

Whereas this administrative procedure requires close and particularly rapid cooperation between the Member States and the Commission, which must in particular be able to follow the progress of amounts set off against the ceiling and keep the Member States informed thereof; whereas this cooperation must be all the closer since the Commission must be able to take adequate measures to reintroduce customs tariff duties whenever the ceiling has been reached,

HAS ADOPTED THIS REGULATION :

Article 1

1. From 1 January to 31 December 1977 the Common Customs Tariff duties and the tariff duties of the new Member States 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 437 920 metric tons:

CCT 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 (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> c) For other purposes</p> <p> II. Fuel oils :</p> <p> c) For other purposes</p> <p> III. Lubricating oils, other oils :</p> <p> c) To be mixed in accordance with the terms 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> c) 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, ozokerite, lignite wax, peat wax and other mine- ral waxes, whether or not coloured :</p> <p>B. Other :</p> <p> I. Crude :</p> <p> c) For other purposes</p> <p> II. Other</p>
27.14	<p>Petroleum bitumen, petroleum coke and other resi- dues of petroleum oils or of oils obtained from 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 ceiling referred to in Article 1 (1) has been reached at Community level, the Commission may issue a Regulation reintroducing customs 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. At the request of the Commission this statement shall be made for periods of ten days, in which case it must reach the Commission within ten days from the expiry of each such ten day period.

Article 4

For the implementation of this Regulation the Commission shall take all necessary measures in close co-operation with the Member States.

Article 5

This Regulation shall enter into force on 1 January 1977.

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

Done at Brussels,

For the Council,

The President