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COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
REGULATION (EEC) OF THE COUNCIL

on the opening, allocation and administration of
a Community tariff quota for newsprint falling
within subheading No 48.01A of the Common Customs
Tariff (1976)

(submitted to the Council by the Commission)

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EXPLANATORY MEMORANDUM

1. At the last multinational GATT negotiations, the Community undertook to open annually a nil duty Community tariff quota for 1 500 000 metric tons of newsprint falling within subheading No 48.01A of the Common Customs Tariff.

Furthermore, the Community informed the Nordic delegation (text Nord 4 of document NCG(67)44 rev.) that it had decided to open a nil duty tariff quota each year under Article 23 of the Treaty of Rome if it were established that all possibilities of supply on the internal market of the Community had been exhausted during a given trading year and after having entirely used up the nil duty quota bound under GATT.

Judging from market trends over the past few years it is clear already that the 1976 Community tariff quota must be greater than the 1 500 000 metric tons originally established. This is why the Commission considers that it can propose the opening of a tariff quota for 2 750 000 metric tons. This amount is based on first estimates, so that a review of the situation during the course of the year is naturally not excluded.

3. The tariff quota is allocated in accordance with the method which has normally been applied: allocation is based on past import figures and on estimates for the quota year in question.

Furthermore, in view of the size of the quota proposed from the start, the Commission considers that it would be contrary to the Community nature of this quota to divide it up into shares allocated definitively to all the Member States. It therefore proposes a system of administration based on the institution of a Community reserve limited to 4.25 %. This system of allocation and administration was, moreover, unanimously approved by all the Member States at the time of the opening of the tariff quota for 1975. Further, the Member States, at the "Economic Tariff Problems" Group meeting on 16 April 1975, unanimously agreed that this system should be continued for 1976.

4. A problem still exists concerning the admission under benefit of this quota of certain paper corresponding to the definition of newsprint in the Supplementary Note of Chapter 48, affecting sub-position 48.01 E.

This application of quota benefit, which was adopted for 1974 and 1975, is still being studied by the Commission, and it is not possible to forecast the date of a decision. It is however important to prepare the instrument for operating the international undertaking currently in force. The present proposal has no other purpose. The Commission is however aware of the problem and therefore reserves to itself the possibility of subsequent alteration of this proposal if the need arises.

Proposal for a
REGULATION (EEC) OF THE COUNCIL

on the opening, allocation and administration of a Community tariff
quota for newsprint falling within subheading No 48.01A of the
Common Customs Tariff

(1976)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community, and in particular Articles 113 and 28 thereof;

Having regard to the proposal from the Commission;

Whereas the European Economic Community has undertaken to open an
annual nil duty Community tariff quota of 1 500 000 metric tons of
newsprint falling within tariff subheading No 48.01A;

Whereas, in view of present production capacity within the Community,
that quantity is insufficient to meet foreseeable import requirements;
whereas provision should therefore be made for an autonomous
supplementary quota which, having regard to the estimates submitted,
may be fixed at present at 1 250 000 metric tons; whereas the fact
that this figure has been adopted for the autonomous supplementary
quota does not exclude the possibility of readjustment during the quota
period; whereas a Community tariff quota should therefore be opened for
1976 for a total quantity of 2 750 000 metric tons of newsprint;

Whereas equal and continuous access to the quota should be ensured for
all Community importers and the rate of duty for the tariff quota
should be applied consistently to all imports on the product in
question until the quota is exhausted; whereas in the light of these
principles, arrangements for the utilization of the Community tariff
quota based on an allocation among Member States would seem to be
consistent with the Community nature of the quota; whereas, in order
that it may correspond as closely as possible to the actual trend of the
market in the product in question, allocation of the quota should be in
proportion to the requirements of the Member States as calculated by
reference to statistics of imports from third countries during a
representative reference period and to the economic outlook for the quota
period in question;

Whereas, for the last three years for which full statistics are available, the imports of each of the Member States represented the following percentages of total imports of the product in question:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Benelux	11.53	12.18	14.04
Denmark	7.02	6.92	4.89
Germany	26.65	27.04	25.78
France	7.64	9.46	13.46
Ireland	1.95	0	2.12
Italy	0.06	0.32	0.42
United Kingdom	45.15	44.08	39.29

Whereas, in order to evaluate those statistics properly, however, account must be taken of the fact that the opening of a Community tariff quota for the enlarged Community may alter the pattern of trade of Member States with third countries; whereas, in view of the above and of the expected evolution of the market in newsprint in general and of production in particular, the first tranche of the 1976 quota may be allocated approximately in the following percentages:

Benelux	13.67
Denmark	6.27
Germany	26.20
France	14.51
Ireland	0.57
Italy	0.04
United Kingdom	38.74

Whereas, to take account of future import trends for the product concerned, the quota should be divided into two tranches, the first being allocated among the Member States 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, while still enabling Community production to be disposed of on satisfactory terms, the first tranche of the quota should be fixed at about 96 % of the full amount;

Whereas 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 its initial share 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 quota has been used up and to inform the Member States accordingly;

Whereas if at a given date in the quota period a considerable quantity of a Member State's initial share remains unused it is essential, to prevent a part of the Community tariff quota from remaining unused in one Member State while it could be used in others, that such State should return a significant proportion thereof to the reserve;

Whereas, 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;

HAS ADOPTED THIS REGULATION:

Article 1

1. There shall be opened within the Community for the period 1 January to 31 December 1976, in respect of newsprint falling within subheading No 48.01A of the Common Customs Tariff, a Community tariff quota of 2 750 000 metric tons.
2. Imports of the product in question shall not be counted under this tariff quota if they are already free of customs duties under other preferential tariff treatment applicable to the product.
3. The Common Customs Tariff duty shall be totally suspended in respect of importations under the above quota.
4. New Member States shall apply in respect of importations within the quota duties calculated in accordance with the relevant provisions of the Act of Accession.

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Article 2

1. The Community tariff quota provided for in Article 1 shall be divided into two tranches.
2. A first tranche of $\sqrt{2\ 633\ 000}$ metric tons shall be allocated among the Member States. The shares, which subject to Article 5 shall be valid until 31 December 1976, shall be as follows:

Benelux	360 000 metric tons
Denmark	165 000 metric tons
Germany	690 000 metric tons
France	382 000 metric tons
Ireland	15 000 metric tons
Italy	1 000 metric tons
United Kingdom	1 020 000 metric tons
3. The second tranche, of 117 000 tons, shall constitute a reserve.

Article 3

1. As soon as a Member State has used 90% or more of its initial share as fixed in Article 2(2), or of that share minus any portion returned to the reserve pursuant to Article 5, 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 up as necessary to the next whole number.
 2. As soon as a Member State, after exhausting its initial share, 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.
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3. 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 manner and to the extent provided in paragraph 1, 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 to 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 4

Additional shares drawn pursuant to Article 3 shall be valid until 31 December 1976.

Article 5

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 1975, 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 quota and of any portion of their initial shares returned to the reserve.

Article 6

The Commission shall keep an account of the shares opened by the Member States pursuant to Articles 2 and 3 and shall, as soon as the information reaches it, inform each State of the extent to which the reserve has been used up.

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

It shall ensure that when an amount exhausting the reserve 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 7

1. Every Member State shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 3 are opened in such a way that importations may be charged without interruption against its accumulated share of the Community quota.

2. Every Member State shall ensure that importers of the product in question established in its territory have free access to the shares allocated to it.

3. The extent to which a Member State has used up its share shall be determined on the basis of the importations of the product in question entered with the customs authorities for home use.

Article 8

On receipt of a request from the Commission the Member States shall notify it of the importations charged against its share.

Article 9

The Member States and the Commission shall cooperate closely to ensure that the provisions of the preceding Articles are complied with.

Article 10

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