



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 9.12.2005
COM(2005) 640 final

Proposal for a

COUNCIL REGULATION

amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

The aim of this draft Council Regulation is to suspend customs duty autonomously for an indefinite period, on certain goods contained in Chapter 27 (petroleum waste oils), and hence amend Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- **General context**

Chapter 27 of the Combined Nomenclature covers various items, including a number of mineral fuels and mineral oils.

Heading 2710 relates more specifically to petroleum oils (light oils, oils other than light oils and waste oils).

Petroleum oils and other products listed in Chapter 27, when they are processed in manner described in the Chapter's additional notes, are autonomously exempted from customs duty, provided the processing has taken place.

This condition is checked in application of the provisions laid down in the Customs Code and its implementing measure (Articles 291 to 300 of Commission Regulation (EEC) No 2454/93 (OJ L 253 of 11.10.1993, p. 1) and subsequent amendments).

At present, however, waste oils (code 2710 99 00) do not enjoy duty exemption, even when they are intended for those specific processes.

It is in the interest of the Community to apply the same tariff treatment to both the waste oils and the oils themselves. It is therefore proposed that customs duties on waste oils be treated using the specific processes described in additional note 4 be autonomously suspended, subject to the checks laid down in the Customs Code and its implementing provisions.

- **Existing provisions in the area of the proposal**

Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- **Consistency with other policies and objectives of the Union**

In line with, trade, enterprise, environmental, energy and external relations policies.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

• Consultation of interested parties

Consultation methods, main sectors targeted and general profile of respondents

The Economic Tariff Questions Group representing the industries of each Member State was consulted.

The Tariff and Statistical Nomenclature Section (CN sector) of the Customs Code Committee.

The Tariff and Statistical Nomenclature Section (Chemical sector) of the Customs Code Committee.

Summary of responses and how they have been taken into account

The suspension corresponds to the agreement of the discussions inside the different groups.

• Collection and use of expertise

Scientific/expertise domains concerned

Tariff Experts representing the MS on the Economic Tariff Questions Group.

Customs Experts representing the MS on the Customs Code Committee.

Chemists Experts representing the MS on the Customs Code Committee.

Methodology used

Meetings.

Main organisations/experts consulted

Experts designated by each of the MS.

Summary of advice received and used

The existence of potentially serious risks with irreversible consequences has not been mentioned.

Agreement of the above mentioned Committees.

Means used to make the expert advice publicly available

Publication of the Proposal.

• Impact assessment

Inter service consultation.

Environmental benefit.

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

Proposal for a COUNCIL REGULATION amending Annex I of Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- **Legal basis**

Art 26.

- **Subsidiarity principle**

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reason(s).

Not applicable.

This set of measures is in line with the principles set out to simplify the procedures for the operators engaged in foreign trade.

- **Choice of instruments**

Proposed instruments: regulation.

Other means would not be adequate for the following reason(s).

By virtue of Article 26 of the EC Treaty autonomous tariff suspensions and quotas are approved by the Council acting on a qualified majority on the basis of a Commission proposal.

4) BUDGETARY IMPLICATION

Uncollected customs duties.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 26 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) In the Combined Nomenclature in Annex I to Council Regulation (EEC) No 2658/87¹, customs duty is suspended, autonomously and for an indefinite period, on certain goods in Chapter 27 when they are intended for specific processes, provided that certain conditions laid down in Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Customs Code² are met.
- (2) Certain waste oils intended for recycling, classed under heading NC 2710 99 00, do not currently enjoy this exemption.
- (3) For environmental reasons connected to the recycling of waste oils, the same tariff treatment should be applied to waste oils and oils from the same group, provided that the legal and technical conditions are met. It is therefore in the interest of the Community to suspend, autonomously and for an indefinite period, customs duty on such products.
- (4) Regulation (EEC) No 2658/87 should therefore be amended accordingly.
- (5) Since the amendment introduced by this Regulation is to be applied from the same date as the Combined Nomenclature for 2006, laid down in Regulation (EC) No 1719/2005, this Regulation should enter into force immediately and apply from 1 January 2006,

¹ OJ L 256, 7.9.1987, p. 1. Regulation as last amended by Commission Regulation (EC) No 1719/2005 (OJ L 286, 28.10.2005, p. 1).

² OJ L 253, 11.10.1993, p. 1. Regulation as last amended by Regulation (EC) No 883/2005 (OJ L 148, 11.6.2005, p. 5).

HAS ADOPTED THIS REGULATION:

Article 1

In Section V, Chapter 27 of Part Two (Schedule of Duties) of Annex I to Council Regulation (EEC) No 2658/87, in the entry for heading CN 2710 99 00, the text in the third column is replaced by the following:

“3,5*

* Duty is suspended, autonomously and for an indefinite period, on products destined for undergoing a specific process (TARIC code 2710 99 00 10). This suspension of duties is subject to the conditions laid down in the relevant Community legislation being met [see Articles 291 to 300 of Regulation (EEC) No 2454/93, (OJ L 253 of 11.10.1993, p. 1)].”

Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2006.

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

Done at Brussels,

For the Council
The President

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL :

Proposal for a Council Regulation amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

2. BUDGET LINES :

Chapter and Article: Chap. 12 art. 120

3. FINANCIAL IMPACT

Proposal has no financial implications

Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

It is very difficult to estimate the loss of own resources involved. Precise statistics for the products possibly intended for these precise uses are not available at import. Nevertheless, on the basis of the imports realized in 2004, the maximum loss of revenue has been estimated to EURO 744 000 (before deduction of the 25 %), which would be the loss for 2004 if the whole heading would have been duty free.

(€ million to one decimal place)

Budget line	Revenue ³	starting	[Year n]
Article 120	<i>Impact on own resources</i>	01/01/2006	- 0,5

4. ANTI-FRAUD MEASURES

Application of the end use control (Article 291 to 300 of the implementing provisions of the Customs Code) plus the normal measures under the Community Customs Code.

5. OTHER REMARKS

Autonomous exemption from customs duties for waste oils for undergoing a specific process (CN code ex 2710 99 00).

³ Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % of collection costs.