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COM (83) 606

Vol. 1983/0225

Historical Archives of the European Commission

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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 606 final

Brussels, 17 October 1983

Draft

COUNCIL REGULATION (EEC)

opening, allocating and administering a Community tariff quota
for certain grades of ferro-chromium, falling within
subheading ex 73.02 E I of the Common Customs Tariff

(submitted to the Council by the Commission)

COM(83) 606 final

EXPLANATORY MEMORANDUM

1. The Commission has felt it necessary to examine the question of opening in 1984 a Community tariff quota for certain grades of ferro-chromium, together with the ever present question of the flow of Community production. This examination has been carried out during meetings taking place, in particular on 5 September 1983, with producers and consumers, and on 13 September 1983 with the Government experts concerned.
2. The results of the discussions are:

- a) that producers and consumers are strongly determined to maintain in 1984 the agreements they have concluded and carried out in a satisfactory manner in 1983. This frame of mind justifies the request that has been expressed during those meetings to see the tariff quotas for the products in question being opened on the 1st January 1984 rather than on the 1st April as such had been the case in the beginning of 1983.

In this connection, the Commission considers that the draft regulation annexed is an instrument serving, on the one hand to facilitate the conclusion of these agreements for 1983, and, on the other hand, to allow the adoption in good time of the decision possibly to be taken by the Council. It is evident that this draft would have to be withdrawn if it appeared that the security of the flow of Community production could not be ensured.

- b) that the solution adopted in 1983 making provision for opening tariff quotas for:

- 1) ferro-chromium containing from 4 to 6% carbon
- 2) ferro-chromium containing at least 6% carbon should be repeated in 1984.

- c) that the requirements of importations coming from non-preferential third countries in 1984 could not be ascertained at the present time, neither globally nor separately for each quality of ferro-chromium cited at point b). Estimates made on the basis of the incomplete information currently available nevertheless places these requirements at a figure lower than 10 000 tonnes for the ferro-chromium containing from 4 to 6% of carbon and approximately 250 000 tonnes for that

containing at least 6 % carbon.

3. In these circumstances, the Commission considers it necessary, taking into account the uncertainties relating to the necessary economic data, and the necessity to ensure parallel development of the flow of Community production and the supply under favourable conditions to the user industries, to show caution in fixing the quota volumes, in order not to disturb the balance of the market.

To this end, it suggests opening for the year 1984, tariff quotas at a nil rate, for which the provisional volumes, covering the first months' requirements, are respectively 3 000 and 115 000 tonnes, which could be revised in the light of changes in the situation. Revision could be made in April within the "Tariff Economy" Group in order to effect, taking into account the delay for approval procedures, a possible increase from 1 July 1984.

4. As is the practice in similar cases, the quota volumes proposed have been subdivided into 2 tranches, the first being divided among the Member States in proportion to their foreseeable importations from third countries, and the second corresponding to the balance of this volume constituting a Community reserve. The constitution of such a reserve is all the more justified in the present case since the quota volumes are liable to be revised during the year to better correspond to the real requirements of the user industries, and since the original quota shares were unable to be determined with the accuracy desired.

Furthermore, the draft regulation submitted by the Commission makes provision in Article 6, for the possibility for Member States to restrict to certain user the benefit of the tariff quotas in question.

DRAFT
COUNCIL REGULATION (EEC)

opening, allocating and administering a Community tariff quota for certain grades of ferro-chromium falling within subheading ex 73.02 E I of the Common Customs Tariff

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 28 thereof,

Having regard to the draft Regulation submitted by the Commission,

Whereas, for certain grades of ferro-chromium containing not less than 4% by weight of carbon, or not less than 6% by weight of carbon, production is,

to a variable degree, inadequate in the Community and producers are unable to meet the total requirements of consumer industries; whereas it is therefore in the Community's interest to suspend totally in respect of this metal the application of the Common Customs Tariff duty for a period running up to 31 December 1984 within a suitable tariff quota; whereas, in order to avoid disturbing the equilibrium of the market for this ferro-alloy and to ensure parallel development in sales of Community production and in supplies to meet the requirements of consumer industries, it is appropriate to fix the quota volume at the provisional level of 115 000 tonnes covering immediate import needs from third countries; whereas for the same reasons a distinction should be made between certain grades of ferro-chrome and the above-mentioned quota volume should be allocated between them; whereas, moreover, Member States should be free only to authorize amounts to be charged against this volume subject to certain conditions relating to destination;

Whereas equal and continuous access to these quotas should be guaranteed for all Community importers and the rate of duty for these tariff quotas should be applied consistently to all imports until the quotas are exhausted; whereas, in the light of these principles, arrangements for the utilization of the Community tariff quotas based on an allocation among Member States would seem to comply with the Community nature of the quotas; whereas, to correspond as closely as possible to the actual trend in the market in the products in question, such allocation 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, however, since the quotas are autonomous Community tariff quotas intended to cover import needs arising in the Community, the quota volumes may, as an experiment, be allocated on the basis of the temporary import needs from third countries estimated for each of the Member States; whereas this system of allocation also ensures the uniform application of the Common Customs Tariff;

Whereas, to take account of future import trends for the products concerned, the quota volumes should be divided into two instalments, 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 of the Member States some degree of certainty, the first instalment of each Community tariff quota should be fixed at a relatively high level which could be at more than 90 % of the quota volumes;

Whereas Member States may exhaust their initial shares at different rates; whereas, to avoid disruption of supplies on this account, provision should be made that any Member State which has almost used up its initial share should draw an additional share from the corresponding 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 each 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 monitor the extent to which the quota volumes have been used up and to inform the Member States accordingly;

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

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 measure concerning 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. From 1 January until 31 December 1984, a tariff quota of 115 000 tonnes shall be opened within the Community in respect of certain grades of ferro-chromium falling within subheading ex 73.02 E 1 of the Common Customs Tariff.

2. The volume of the tariff quota referred to in paragraph 1 shall be allocated as follows:

(a) 3 000 tonnes for ferro-chromium containing not less than 4 % by weight of carbon;

(b) 12 000 tonnes for ferro-chromium containing not less than 6 % by weight of carbon.

3. Imports of the products in question which already benefit from exemption from customs duties under another preferential tariff system are not to be charged against this tariff quota.

4. Within this quota, the customs tariff duty shall be totally suspended. Within the context of this quota, the Hellenic Republic shall apply customs duties calculated in accordance with the relevant provisions laid down in the 1979 Act of Accession.

Article 2

1. A first instalment of each of the volumes indicated in Article 1 (2), amounting to 2 900 tonnes for the tariff quota referred to at (a) and 107 000 tonnes for the tariff quota referred to at (b), shall be allocated among the Member States; the shares, which subject to Article 5 shall be valid until 31 December 1984 shall be as follows:

(a) as regards ferro-chromium containing not less than 4 % by weight of carbon:

	(tonnes)
Benelux	1 500
Denmark	5
Germany	100
Greece	5
France	685
Ireland	5
Italy	300
United Kingdom	300

(b) as regards ferro-chromium containing not less than 6 % by weight of carbon

	(tonnes)
Benelux	4 925
Denmark	5
Germany	58 745
Greece	5
France	23 865
Ireland	5
Italy	8 450
United Kingdom	11 000

2. The second instalments, involving 100 tonnes and 5 000 tonnes respectively, shall constitute the reserves.

Article 3

1. As soon as one of the Member States has used 90 % or more of one of its initial shares as fixed in Article 2 (1), 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 10 % of its initial share rounded up as necessary to the next whole number.

2. As soon as one of the Member States, after exhausting one or other of 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 5 % of its initial share.

3. As soon as one of the Member States, after exhausting one or other second share, has used 90 % or more of the third share drawn by it, that Member State shall forthwith and on the same conditions draw a fourth share equal to the third.

This process shall continue until the reserves are exhausted.

4. Notwithstanding paragraphs 1, 2 and 3, Member States 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 doing so.

Article 4

Additional shares drawn pursuant to Article 3 shall be valid until 31 December 1984.

Article 5

Member States shall, not later than 1 November 1984 return to the reserve the unused portion of their initial share which on 15 October 1984 exceeds 20 % of the

initial amount. They may return a greater portion if there are grounds for believing that such part may not be used in full.

Not later than 1 November 1984, the Member States shall notify the Commission of the total quantities of the products in question imported up to and including 15 October 1984 and charged against the Community quotas and of any portion of their initial shares returned to the corresponding reserve.

Article 6

Member States may decide that only products to be used for certain purposes may be charged against their quota shares. A control in the case that the products have been used for the particular purpose specified shall be carried out by applying the Community provisions on the subject.

Article 7

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 reserves have been used up.

Not later than 5 November 1984, it shall inform the Member States of the amounts still in the reserves following any return of shares pursuant to Article 5.

It shall ensure that, when an amount exhausting one of the reserves 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 8

1. Member States shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 3 are opened in such a way that imports may be charged without interruption against their accumulated shares of the tariff quotas.

2. Member States shall ensure that importers of the products in question have free access to the shares allocated to them.

3. The extent to which Member States have used up their shares shall be determined on the basis of imports of the products in question entered with the customs authorities for free circulation.

Article 9

At the request of the Commission, the Member States shall inform it of imports actually charged against their shares.

Article 10

Member States and the Commission shall cooperate closely to ensure that this Regulation is complied with.

Article 11

This Regulation shall enter into force on January 1984.

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

Done at Brussels,

For the Council
The President