Imports of processed poultry meat: autonomous and conventional duty rates

2012/0054(COD) - 16/03/2012 - Legislative proposal

PURPOSE: to implement the agreement on imports concluded between the European Union and Brazil and Thailand respectively in order to deal with the problem of potential substitution effects in the import of poultry.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: negotiations under Article XXVIII of GATT 1994 concluded on poultry in 2007 covered tariff lines on poultry meat under heading 0210 as well as one processed poultry line, 1602 32 19 in the EC Schedule CXL: *cooked preparations containing more than 57% of poultry meat.* Limiting the negotiations to the processed poultry line 1602 32 19 was considered to sufficiently prevent potential substitution effects.

Subsequent import data, however, showed a dramatic import surge of processed poultry meat under tariff line 1602 32 30: *preparations containing 25% or more but less than 57% by weight of poultry meat or offal*. This indicated that exporters seemed to take advantage of a relative gap in the EU level of protection, substituting poultry preparations containing more than 57% of poultry meat with preparations containing less than 57%, under tariff line 1602 32 30. Comparable substitution effects were to be expected under other 1602 tariff lines in the future.

In order comprehensively to address these substitution effects affecting the EU poultry industry, the Commission requested from the Council the authorisation to renegotiate the concessions on poultry meat under Chapter 16 of the CN. The Commission has negotiated with the Federal Republic of Brazil and with the Kingdom of Thailand, each holding principal supplying interests and/or substantial interests in various of the tariff lines concerned. The negotiations have resulted in Agreements in the form of exchanges of letters initialled with Thailand on 22 November 2011 and with Brazil on 7 December 2011. The agreements were negotiated on the basis of the Combined Nomenclature codes in force at the time. In the newest version of Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff as laid down in Commission Regulation (EU) No 1006 /2011 published in OJ L 282 of 28 October 2011, the tariff lines 1602 39 40 and 1602 39 80 have been merged into a new tariff line 1602 39 85. It is therefore appropriate to reflect this new situation in the present implementing regulation. The autonomous Customs duty rates for the tariff lines covered by the negotiations are currently set at levels below the new conventional duty rates resulting from the modification of concessions pursuant to Article XXVIII of GATT 1994. However, under Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff, the autonomous customs duties apply when they are below the conventional duties.

IMPACT ASSESSMENT: no impact assessment has been undertaken.

LEGAL BASIS: Article 207(2) TFEU.

CONTENT: following the negotiations opened under Article XXVIII of the GATT 1994 in mid-2009 with Brazil and Thailand, this proposal concerns the implementation of the Agreements between the European Union and Brazil and Thailand respectively in order to deal with the problem of l substitution effects in the import of poultry. The implementation of the Agreements concern :

- an increase in the out-of-quota rates for 7 tariff lines of processed poultry meat products, and,
- opening TRQs for the same 7 tariff lines of processed poultry meat products, for Brazil, Thailand and other countries.

This proposal is closely linked to the proposal for a Council decision regarding the conclusion of agreements between the European Union and Brazil and Thailand respectively in order to deal with the problem of substitution effects in the import of poultry.

BUDGETARY IMPLICATIONS: the import volume of the quota is similar to the quantity imported prior to this agreement. There is no effect on the internal market balance that could lead to needs for market instruments. In case of import of the total quota under this draft regulation, it can be estimated that the measure could involve a reduction of own resources of an approximated net amount of EUR 1.4 million, after deduction of 25% of collection costs by Member States.