Exports of wood from Russia: allocation of tariff-rate quotas; Commission implementing powers

2012/0217(COD) - 09/08/2012 - Legislative proposal

PURPOSE: to confer implementing powers on the Commission in respect of implementing certain provisions in the Agreement between the EU and Russia relating to the administration of tariff-rate quotas applying to exports of wood from the Russia to the Union.

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

BACKGROUND: in the context of its accession to the World Trade Organization (WTO), the Russian Federation has agreed to **reduce its currently applied export duty rates on raw wood products**. For certain types of wood, namely spruce and pine, Russia has agreed to open tariff-rate quotas for exports of those products and allocate a specific quota share to the EU. Export duty rates within the tariff-rate quotas will be applied at a significantly reduced level (i.e. 13% for spruce and 15% for pine, as opposed to an unbound current out-quota export duty rate of 25%, but not less than 15 EUR /m3). These specific commitments of the Russian Federation have been included in its WTO Schedule of Concessions as Annex to Part V of the Schedule.

A **bilateral agreement** in the form of an Exchange of Letters establishes general provisions on the implementation of the specific quota shares allocated to the EU. In particular, the Agreement provides that the EU shall manage quantities of the EU share of the tariff-rate quotas, and that Russia shall issue export licences based on the relevant import documentation issued by the EU.

The Agreement also provides for the elaboration of more detailed technical modalities on the management of the tariff-rate quotas by the entry into force of the Agreement. Such **technical modalities are contained in a Protocol**, negotiated between the EU and Russia, which establishes the rules regarding the management of the export tariff- rate quotas and of exports within those quotas, including provisions on the cooperation of the competent authorities of the EU and Russia necessary to ensure the adequate operation of the system.

The EU has a strong interest in the tariff-rate quotas which provide for significant advantages for exports of wood from Russia, with in-quota duties significantly reduced as compared to (unbound) out-quota duties. In particular, EU forest industries and downstream users such as the paper, construction and furniture industries have suffered from consecutive increases of wood export duties applied by the Russian Federation since 2007. Economic operators in the EU are now eager to access those raw materials at significantly improved conditions, and it is essentially in their interest that the tariff-rate quotas have been set.

In order to ensure the effective application of the management system provided for in the Agreement and the Protocol by the time of the accession of the Russian Federation to the WTO, **both the Agreement and the Protocol will be applied provisionally** from the date of the Russia's accession to the WTO. Council Decision 2012/105/EU confirms the provisional application of both the Agreement and the Protocol pending the completion of the procedures for the conclusion of the Agreement.

The Commission should be **empowered to adopt the necessary provisions for the management of the quantities of the tariff-rate quotas allocated to exports to the EU** by means of an implementing act.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 207 of the Treaty on the Functioning of the European Union.

CONTENT: the draft regulation proposes that, in implementing the Agreement relating to the administration of tariff-rate quotas applying to exports of wood from Russia to the Union and the Protocol on technical modalities pursuant to that Agreement, **the Commission shall adopt detailed rules on the method of allocation of quota authorisations** pursuant to paragraph 2 of Article 5 of the Protocol, and any other provisions necessary for the management by the Union of the quantities of the tariff-rate quotas allocated to exports to the Union. Those implementing acts shall be adopted in accordance with the examination procedure, given that those acts are acts relating to the common commercial policy and therefore fall under point (iv) of Article 2(2)(b) of Regulation (EU) No 182/2011.

Furthermore, in order to ensure legal certainty and continuity for economic operators **the legal effects of the preparatory measures already taken under Implementing Regulation (EU) No 498/2012 will be maintained** by the new implementing acts to be adopted pursuant to this proposal, as if those preparatory measures had been taken under the corresponding provision of those new implementing acts.

BUDGETARY IMPLICATIONS: there are no implications for the EU budget.