COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.05.2000
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2000/0133 (ACC)

Proposal for a

COUNCIL REGULATION

implementing for the Community the tariff provisions of Decision No 2/2000 of the Joint Council under the Interim Agreement on Trade and Trade-related matters between the European Community and the United Mexican States

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Joint Council of the Interim Agreement on Trade and Trade-related matters between the European Community and the United Mexican States signed on 8 December 1997 adopted, on 23 March 2000, Decision 2/2000 implementing, *inter alia*, the objectives set out in Article 3 of that Agreement. The tariff provisions of that Decision are to enter into force on 1 July 2000.

The attached proposal for a Council Regulation sets up implementing provisions necessary for the Community, in particular, to calculate the preferential rates of duty which will apply to goods of Mexican origin in accordance with Annex III to Decision 2/2000, and to open and manage the tariff quotas provided by that Decision. The proposal also delegates to the Commission the power to adopt measures for the application of that agreement and provides for the necessary supporting procedures. Finally the proposal provides for preferential imports under the agreement to be subject to surveillance, with a view to contributing to the fight against fraud.

In order to ensure smooth implementation, the Council should adopt the measures in question in time to allow publication in the Official Journal as soon as possible before 30 June 2000.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) The Joint Council under the Interim Agreement on Trade and Trade-related matters between the European Community and the United Mexican States has by its Decision No 2/2000[1], hereinafter referred to as the "Decision", adopted arrangements for implementing aspects of that agreement related to trade in goods with effect from 1 July 2000.

(2) The tariff preferences provided in the Decision are applicable to products originating in Mexico in accordance with Annex III of the Decision.

(3) It is necessary to lay down special provisions for applying those tariff preferences within the Community.

(4) The base rates for calculating tariff reductions are those set out in Decision 2/2000.

(5) The same methods of calculation should, as a general rule, apply to *ad valorem* and specific rates of duty as well as to the treatment of minimum and maximum duties provided in the Common Customs Tariff.

(6) The Decision stipulates that certain products originating in Mexico may be imported into the Community within the limits of tariff quotas, at a reduced or a zero rate of customs duty; the Decision specifies the products eligible for those tariff measures, their volumes and duties; the most suitable method for managing the tariff quotas for products of CN codes ex 0408 and ex 3502 is based on import licences and should be carried out by the Commission; the other tariff quotas should be managed, as a rule, on a first-come first-served basis in accordance with Articles 308a to 308c of Regulation

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[1] OJ L

(EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code [2].

(7) The Combined Nomenclature codes mentioned in the present Regulation are those of 2000, as provided in Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff [3], last amended by Regulation (EC) No 2204/1999 [4]; amendments to the Combined Nomenclature and Taric codes should not result in changes of substance in agreements or other acts concluded between the Community and Mexico; in the interests of simplicity, provision should therefore be made for the Commission, assisted by the Customs Code Committee, to take the measures necessary for the implementation of this Regulation, in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers of the Commission [5].

(8) In the interest of combating fraud, provisions should be made to submit preferential imports into the Community to surveillance.

HAS ADOPTED THIS REGULATION:

Article 1

1. For the purposes of implementing Decision No 2/2000 of the Joint Council under the Interim Agreement on Trade and Trade-related matters between the European Community and Mexico:

   (a) The term "MFN" shall be taken to mean the lowest rate of duty appearing in column 3 or 4, taking into account the periods of application mentioned or referred to in that column, of the second part of Annex I of Regulation (EEC) No 2658/87. However it shall not mean a duty set up within the framework of a tariff quota under Article 26 of the Treaty or under Annex 7 of Regulation (EEC) No 2658/87.

   (b) Subject to paragraph 2, the final rate of preferential duty shall be rounded down to the first decimal place.

2. Where the result of calculating the rate of preferential duty is one of the following, the preferential rate shall be considered a full exemption :

   (a) 1 % or less in the case of *ad valorem* duties, or

   (b) Euro 0,5 or less per individual euro amount in the case of specific duties.

3. Wherever customs duties comprise an *ad valorem* duty plus one or more specific duties, the preferential reduction is limited to the *ad valorem* duty where it is so provided in Article 8 of Decision No 2/2000. Where the customs duties comprise an *ad valorem* duty with a minimum and maximum duty, the preferential reduction also

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2 OJ L 253, 11.10.1993, p. 1.
3 OJ L 256, 07.09.1987, p. 1.
4 OJ L 278, 28.10.1999, p. 1.
5 OJ L 184, 17.07.1999, p. 23.

applies to that minimum and maximum duty. Where they comprise more than one specific duty, the preferential reduction applies to all of these.

Article 2

1. Subject to paragraph 5, the customs duties on the products listed in the Annex of this regulation and originating in Mexico shall be reduced to the levels provided and within the limits of the tariff quotas specified in that Annex.

2. Save as provided in Article 4, these tariff quotas shall be managed in accordance with Articles 308a to 308c of Regulation (EEC) No 2454/93.

3. With respect to the products covered by the Annex to this regulation:

   (a) the specific export document referred to in Article 8(7) of Decision No 2/2000 of the Joint Council means the movement certificate EUR 1, and

   (b) the acceptance of the declaration for release for free circulation shall be deemed to constitute the issuing of the import licence referred to in that provision.

4. The reductions of duty referred to in the Annex are expressed as a percentage of the customs duties effectively applied to goods of Mexican origin outside the tariff quotas in question when declared for release for free circulation.

5. The customs duty applicable to products of CN code 1704 10 within the tariff quota at order No 09.1857 in the Annex of this regulation shall be 6%.

6. The tariff quotas referred to in the Annex of this regulation shall be opened each year for a twelve-month period from 1 July to 30 June. These quotas shall be opened for the first time on 1 July 2000.

7. The tariff quota at order No. 09.1847 in the Annex of this regulation shall be opened for the last time on 1 July 2007.

Article 3

The annual volume of the tariff quota at order number 09.1853 in the Annex of this regulation shall be increased successively by 500 tonnes each year from 1 July 2001.

Article 4

1. The Commission shall open from 1 July 2000:

   (a) an annual tariff quota of 1 000 tonnes (shell egg equivalent), at half the rate of customs duty effectively applied to goods of Mexican origin, for products of CN codes 0408 11 80, 0408 19 81, 0408 19 89, 0408 91 80 and 0408 99 80 originating in Mexico, and

   (b) an annual duty-free tariff quota of 3 000 tonnes (shell egg equivalent) for albumins of CN codes 3502 11 90 and 3502 19 90 originating in Mexico.

2. The management rules for these tariff quotas shall be adopted by the Commission in accordance with the procedure laid down in Article 17 of Council Regulation (EEC) No 2771/75.

Article 5

Without prejudice to Articles 2 to 4, the amendments and technical adaptations of the annex of this Regulation made necessary by amendments to the Combined Nomenclature and Taric codes or arising from decisions of the EC-Mexico Joint Council, or from the conclusion of agreements, protocols or exchanges of letters between the Community and Mexico, shall be adopted by the Commission in accordance with the management procedure set out in Article 6(2).

Article 6

1. The Commission shall be assisted by the Customs Code Committee, hereinafter referred to as 'the Committee'.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply. The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at three months.

3. The Committee shall adopt its rules of procedure.

Article 7

1. Products put into free circulation with the benefit of the preferential rates provided under the Decision shall be subject to surveillance. The Commission in consultation with the Member States shall decide the products to which this surveillance applies.

2. Article 308d of Regulation (EEC) No 2454/93 shall apply.

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

Article 8

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

It shall apply from 1 July 2000.

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

Done at Brussels,

For the Council
The President

ANNEX

concerning the products referred to in Article 2

Notwithstanding the rules for the interpretation of the combined nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the CN codes as they exist at the time of adoption of the current regulation. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

Order No	CN code	Description	Annual tariff quota volume (net weight)	Tariff quota duty (% reduction)
09.1831	0407 00 19	Eggs of poultry other than turkeys or geese, for hatching[6]	300 tonnes	50 MFN or 50 GSP[7]
09.1833	0409 00 00	Natural honey	30 000 tonnes	50 MFN or 50 GSP[7]
09.1835	ex0603 10 10 ex0603 10 20 ex0603 10 30 ex0603 10 40 ex0603 10 50	Cut flowers, fresh, from 1 June to 31 October	350 tonnes	100
09.1837	ex0603 10 80	Cut flowers, fresh, from 1 June to 31 October	400 tonnes	100
09.1839	ex0603 10 10 ex0603 10 20 ex0603 10 30 ex0603 10 40 ex0603 10 50	Cut flowers, fresh, from 1 November to 31 May	350 tonnes	100
09.1841	ex0603 10 80	Cut flowers, fresh, from 1 November to 31 May	400 tonnes	100
09.1843	ex0709 20 00	Asparagus, fresh or chilled, from 1 March to 30 November	600 tonnes	100
09.1845	0710 21 00	Frozen peas	500 tonnes	50 MFN or 50 GSP[7]
09.1847	ex0804 40 00	Avocados, from 1 June to 30 September	20 000 tonnes	100

[6] Entry under this subheading is subject to conditions laid down in the relevant Community provisions.

[7] Whichever results in the lower duty applicable.

09.1849	ex0807 19 00	Melons, other than watermelons, fresh, from 1 January to 31 January, from 1 April to 31 May and from 1 October to 31 December	1 000 tonnes	50 MFN or 50 GSP[9]
09.1851	0811 10 90	Strawberries, not containing sugar or other sweetening matter	1 000 tonnes	50 MFN or 50 GSP[9]
09.1853	1604 14 11 1604 14 18 1604 14 90 1604 19 39 1604 20 70	Prepared or preserved fish	2 000 tonnes [8]	66.66 MFN or 66.66 GSP[9]
09.1855	1703 10 00	Cane molasses	275 000 tonnes	100
09.1857	1704 10	Chewing gum, whether or not sugar-coated	1 000 tonnes	Fixed duty to be applied
09.1859	2005 60 00	Asparagus, prepared or preserved otherwise than by vinegar or acetic acid	1 000 tonnes	50 MFN or 50 GSP[9]
09.1861	2008 92 51 2008 92 74 2008 92 92 2008 92 93 2008 92 94 2008 92 96 2008 92 97 2008 92 98	Mixtures of fruit, prepared or preserved	1 500 tonnes	50 MFN or 50 GSP[9]
09.1863	2009 11 11 2009 11 19 2009 11 91 2009 19 11 2009 19 19 2009 19 91 2009 19 99	Orange juice, unfermented and not containing added spirit, except orange juice of 2009 11 99	1 000 tonnes	50 MFN or 50 GSP[9]
09.1865	ex2009 11 99	Orange juice, frozen, with a degree of concentration higher than 20° brix (of a density exceeding 1,083 g/cm^3 at 20°C).	30 000 tonnes	75 MFN or 75 GSP[9]
09.1867	2009 40 11 2009 40 19 2009 40 30 2009 40 91 2009 40 99	Pineapple juice, unfermented and not containing added spirit	2 500 tonnes	50 MFN or 50 GSP[9]

[8] From the second year of application, the volume of this tariff quota is increased annually by 500 tonnes

[9] Whichever results in the lower duty applicable.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Proposal for a Council Regulation implementing for the Community the tariff provisions of Decision No 2/2000 of the Joint Council under the Interim Agreement of Trade and Trade-related matters between the European Community and the United Mexican States.

2. BUDGET HEADING(S) INVOLVED

Chapter 12, Article 120.

3. LEGAL BASIS

Article 133 of the Treaty.

4. DESCRIPTION OF OPERATION

4.1 General objective

To provide for the necessary measures and procedures for implementing the tariff provisions of the Interim Agreement between the European Community and Mexico.

5. FINANCIAL IMPACT

This regulation does not entail any financial losses or gains other than those foreseen in the financial statement made on the occasion of the Decision No 2/2000 of the Joint Council.

6. FRAUD PREVENTION MEASURES

Provisions on the management of tariff quotas include the necessary measures for preventing and protecting against fraud and irregularities. An additional provision allows surveillance on a selective basis.