



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25.09.1998
COM(1998) 529 final

98/ 0279 (ACC)

Proposal for a

COUNCIL DECISION

**the Community position within the
EC/Turkey Association Council
on the introduction of common outward processing arrangements
for textiles and clothing**

(presented by the Commission)

Explanatory Memorandum

1. The EC-Turkey Association Council adopted Decision No 1/95 on implementing the final phase of the Customs Union on 22 December 1995.

2. Turkey adopted its own legislative measures to introduce outward processing arrangements for textiles and clothing, referred to as economic outward processing, in compliance with Article 12 of Decision 1/95. The arrangements can be applied on the Community side where goods in free circulation of Community origin are exported temporarily to a third country and are then reimported into the Community in the form of compensating products; conversely, they can be used on the Turkish side where goods in free circulation of Turkish origin are exported temporarily to a third country and are then reimported into Turkey in the form of compensating products.

3. Measures are required (a) to allow compensating products to be reimported into a part of the Customs Union other than that from which the goods had been exported for working in a third country under the economic outward processing arrangements and (b) to enable goods in free circulation originating in one part of the Customs Union which are to be processed in a third country to be placed under the economic outward processing arrangements in the other part of the Customs Union. The purpose of the proposed EC-Turkey Association Council Decision is to adopt measures allowing economic outward processing operations involving both parts of the Customs Union to be undertaken in a third country.

4. The measures in question will help consolidate the Customs Union. They form part of the Commission's initial operational proposals under the European Strategy for Turkey defined in the recent Commission Communication to the Council (COM (1998) 124 final of 4 March 1998).
5. They should not have any negative economic impact on Community operators as the economic outward processing arrangements will be used only in cases where import quotas apply, and such quotas have been abolished for Central and Eastern Europe and the Mediterranean countries, which account for the majority of processing of textiles and clothing. These measures must, nevertheless, anticipate any future economic outward processing needs and must therefore be global in nature.
6. The Commission invites the Council to adopt the attached proposal for submission of the draft decision to the EC/Turkey Association Council.

Council Decision
on the Community position
within the EC-Turkey Association Council
on the introduction of common outward processing arrangements
for textiles and clothing

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 together with the first sentence of Article 228(2) thereof,

Having regard to the proposal from the Commission,

Whereas common outward processing arrangements for textiles and clothing must be introduced under the Customs Union between the European Community and Turkey,

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the EC-Turkey Association Council on the introduction of common outward processing arrangements for textiles and clothing shall be based on the proposed draft Decision in the Annex.

Done at Brussels,

For the Council,

The President

**Draft proposal for a Decision
of the EC-Turkey Association Council
on the introduction of common outward processing arrangements
for textiles and clothing**

THE EC-TURKEY ASSOCIATION COUNCIL,

Having regard to the Agreement establishing an Association between the European Economic Community and Turkey,¹

Having regard to Decision No 1/95 of the EC-Turkey Association Council of 22 December 1995 on implementing the final phase of the Customs Union,²

Whereas, pursuant to the eighth indent of Article 12(1) of Decision No 1/95, Turkey adopted its own legislative measures to introduce outward processing arrangements for textiles and clothing, hereinafter referred to as economic outward processing; whereas such arrangements may apply on the Community side where goods in free circulation of Community origin are exported temporarily to a third country to be reimported into the Community in the form of compensating products and, on the Turkish side, where goods in free circulation of Turkish origin are exported temporarily to a third country to be reimported into Turkey in the form of compensating products;

Whereas measures must be adopted to allow compensating products to be reimported into a part of the Customs Union other than that from which the goods had been exported for processing in a third country under the economic outward processing arrangements, and to enable goods in free circulation originating in one part of the Union which are to be processed in a third country to be placed under the economic

¹ OJ L 217, 29.12.1964.

² OJ L 35, 13.2.1996.

outward processing arrangements in the other part of the Customs Union; whereas these measures must be based on the economic outward processing arrangements already applying in both parts of the Customs Union;

Whereas an evaluation should be undertaken two years after this Decision enters into force to establish how the common arrangements are working; whereas the arrangements will have to be adjusted if any cases of fraud or disruption of the textile market are detected;

Whereas the measures in question should preferably anticipate any future economic outward processing needs; whereas they must therefore be global in nature,

HAS DECIDED AS FOLLOWS:

Article 1

1. The purpose of this Decision is to adopt measures providing for economic outward processing operations which concern both parts of the Customs Union. The operations in question are those undertaken under economic outward processing arrangements based on the following legal instruments:
 - For the Community, Council Regulation (EC) No 3036/94 of 8 December 1994 establishing economic outward processing arrangements applicable to certain textiles and clothing products reimported into the Community after working or processing in certain third countries;³
 - For Turkey, [reference to the Turkish legislative act].
2. For the purposes of this Decision:
 - " part of the Customs Union " means the European Community or Turkey as the case may be;
 - other terms are defined, *mutatis mutandis*, in the legal instruments referred to in paragraph 1.

Article 2

1. Where, on the basis of the legal instruments referred to in Article 1, economic outward processing arrangements are applied in one part of the Customs Union, compensating products may be imported into the other part of the Customs Union in accordance with the terms of these arrangements.

³ OJ L 322, 15.12.1994.

2. The goods for which economic outward processing arrangements are authorised in one part of the Customs Union on the basis of the legal instruments referred to in Article 1 may originate in the other part of the Customs Union.

Article 3

Two years after this Decision enters into force the EC-Turkey Association Council shall, on the basis of a report by the EC-Turkish Customs Cooperation Committee set up by Decision No 2/69 of the EC-Turkey Association Council, undertake an evaluation of the arrangements established by this Decision and shall if necessary take measures to correct any problems.

Article 4

The EC-Turkey Customs Cooperation Committee shall lay down the appropriate measures to implement this Decision.

Article 5

This Decision shall enter into force on 1 January 1999.

Done at Brussels on

For the EC-Turkey Association Council
The President

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