



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.12.2006
COM(2006) 788 final

Proposal for a

COUNCIL REGULATION

amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

The aim of this draft Council Regulation is to prolong the current autonomous duty suspension for certain types of video monitors for which the Common Customs Tariff duties are totally suspended until 31 December 2006.

- **General context**

In view of the rapid evolution of technology and challenges with regard to the classification of new products in the electronics area, Council Regulation (EC) No 493/2005 of 16 March 2005 amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff was adopted suspending totally, for a limited period, the autonomous Common Customs Tariff duties for monitors using liquid crystal display technology, with a diagonal measurement of the screen of 48,5 cm or less and a screen aspect ratio of 4:3 or 5:4 and classifiable under CN code 8528 21 90. This measure expires on 31 December 2006, unless the Council decides to prolong it.

The question whether to prolong the tariff suspension was discussed on 18 May 2006 by the Council's working group on the Customs Union (CCT).

Following discussions with member states and European industry represented by EICTA, it has been concluded that a prolongation of the current autonomous duty suspension for another 2 years starting 1 January 2007 is appropriate.

It should be noted that as a result of the amendments to the nomenclature appended as an annex to the International Convention on the Harmonized Commodity Description and Coding System accepted pursuant to the Recommendation of 26 June 2004 of the Customs Co-operation Council and the transposition of the CN into the HS 2007 products currently classifiable under CN code 8528 21 90 will be classified, from 1 January 2007, under CN code 8528 59 90 of the Combined Nomenclature. Therefore it is also necessary to amend the CN code.

Hence, the Commission is submitting the attached proposal for a Council Regulation amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- **Existing provisions in the area of the proposal**

Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

Council Regulation (EC) No 493/2005 of 16 March 2005 amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs. This Council regulation will expire by 31 December 2006.

- **Consistency with other policies and objectives of the Union**

In line with external trade and industry policies.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

Consultation methods, main sectors targeted and general profile of respondents

The Council's working group on the Customs Union (CCT).

The Tariff and Statistical Nomenclature Section (Mechanical/Miscellaneous Sector) of the Customs Code Committee.

EICTA (European Information, Communications and Consumer Electronics Technology Industry Association).

Summary of responses and how they have been taken into account

The proposal is in accordance with the views expressed by the interested parties.

- **Collection and use of expertise**

Scientific/expertise domains concerned

Customs nomenclature, external trade and industry policy

Methodology used

Meetings with experts representing Member States.

Consultations with EICTA.

Main organisations/experts consulted

Council's working group on the Customs Union (CCT), the Tariff and Statistical Nomenclature Section of the Customs Code and EICTA.

Summary of advice received and used

It is for consumer benefit reasons and in order to promote the trade between Member states and third countries in the interest of the Community to prolong the current autonomous duty suspension for certain types of video monitors for another 2 years starting 1 January 2007.

Means used to make the expert advice publicly available

Publication of the Proposal.

- **Impact assessment**

Trade facilitation

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

Proposal for a COUNCIL REGULATION amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

- **Legal basis**

Art 26 of the Treaty.

- **Subsidiarity principle**

The proposal falls under the exclusive competence of the Community. Hence, the principle of subsidiarity does not apply.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reason(s).

As foreseen in the Treaty it promotes the trade between Member states and third countries and balances the commercial interest of economic operators (manufacturers in the Community and importers) without changing the EC WTO schedule.

- **Choice of instruments**

Proposed instruments: Council Regulation.

Other means would not be adequate for the following reason(s).

By virtue of Article 26 of the EC Treaty autonomous tariff suspensions and quotas are approved by the Council acting on a qualified majority on the basis of a Commission proposal.

4) BUDGETARY IMPLICATION

Uncollected customs duties in the range of 300 MEURO.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 26 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) In the Combined Nomenclature set out in Annex I to Council Regulation (EEC) No 2658/87¹, the CN codes for monitors are 8471 and 8528.
- (2) For the classification of the monitors outside CN code 8528, certain conditions are to be met. The convergence of information technology, consumer electronic industries and new technologies has created a situation where it is not possible, when classifying monitors, to determine, by reference to simple technical characteristics, the main purpose of a particular monitor. It is not feasible to establish unambiguous criteria for the classification of the products to be based on objective and quantifiable data.
- (3) Taking into consideration the trade and technical data it is in the interest of the Community to suspend totally, for a limited period, the autonomous Common Customs Tariff duties for certain type of monitors.
- (4) For those reasons Council Regulation (EC) No 493/2005 of 16 March 2005 amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff² suspended totally, for a limited period, the autonomous Common Customs Tariff duties for monitors using liquid crystal display technology, with a diagonal measurement of the screen of 48,5 cm or less and a screen aspect ratio of 4:3 or 5:4 and classifiable under CN code 8528 21 90.
- (5) This suspension measure introduced by the Regulation (EC) No 493/2005 expires by 31 December 2006.
- (6) On consumer benefit grounds, to ensure rational development of production and an expansion of consumption within the Community and in order to promote trade between Member states and third countries, it is in the interest of the Community to

¹ OJ L 256, 7.9.1987, p. 1. Regulation as last amended by Commission Regulation (EC) No 1549/2006 (OJ L 301, 31.10.2006, p.1)

² OJ L 82, 31.3.2005, p.1

prolong the current autonomous duty suspension for another two years starting 1 January 2007.

- (7) As a result of the amendments to the nomenclature appended as an Annex to the International Convention on the Harmonized Commodity Description and Coding System accepted pursuant to the Recommendation of 26 June 2004 of the Customs Co-operation Council and the transposition of the CN into the HS 2007 products classifiable under CN code 8528 21 90 will be classified, from 1 January 2007, under CN code 8528 59 90 of the Combined Nomenclature.
- (8) Regulation (EEC) No 2658/87 should therefore be amended accordingly.
- (9) As the suspension introduced by this Regulation is a prolongation of a suspension introduced by Regulation (EC) No 493/2005 that expires by 31 December 2006 and since it is not in the interest of the Community that there is an interruption of the tariff treatment of the monitors covered by this suspension, this Regulation should enter into force immediately and apply from 1 January 2007.

HAS ADOPTED THIS REGULATION:

Article 1

The text in column 3 for CN code 8528 59 90 in Chapter 85, Section XVI of Part Two, Schedule of Customs Duties, of Annex 1 to Regulation (EEC) No 2658/87 shall be replaced by the following:

“14(*)

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- * Customs duty autonomously suspended, until 31 December 2008, for monitors with a diagonal measurement of the screen of 48,5 cm or less and with an aspect ratio of 4:3 or 5:4 (TARIC code 8528 59 90 30)

Article 2

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

It shall apply from 1 January 2007

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

Done at Brussels,

*For the Council
The President*

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL:

Proposal for a Council Regulation amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

2. BUDGET LINES:

Chapter and Article: Chap. 12 art. 120

3. FINANCIAL IMPACT

Proposal has no financial implications

Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

It is very difficult to estimate the loss of own resources involved. Precise statistics are not available on the imports of this kind of products given that many are currently being misclassified in headings which are subject to a duty free treatment.

On the basis of the imports realized in 2005, the maximum loss of revenue has been estimated to 300 MEURO.

(€million to one decimal place)

Budget line	Revenue	starting	[Year n]
Article 120	<i>Impact on own resources</i>	01/01/2007	300

4. ANTI-FRAUD MEASURES

Application of the normal measures under the Community Customs Code.

5. OTHER REMARKS