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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	COUNCIL REGULATION (EU) temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products into the Canary Islands

COUNCIL REGULATION (EU) 2021/…

of …

temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products into the Canary Islands

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 349 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Parliament[1],

Having regard to the opinion of the European Economic and Social Committee[2],

Acting in accordance with a special legislative procedure,

[1] Opinion of 5 October 2021 (not yet published in the Official Journal).
[2] Opinion of 20 October 2021 (not yet published in the Official Journal).

Whereas:

(1) In accordance with Council Regulation (EU) No 1386/2011[1], the duty suspension for certain capital goods for commercial or industrial use, imported into the Canary Islands, is to expire on 31 December 2021.

(2) In April 2021, the Government of Spain requested the prolongation of the suspension of the autonomous Common Customs Tariff duties for a number of products in accordance with Article 349 of the Treaty. Measures established by Regulation (EU) No 1386/2011 positively contributed to the development of the Canary Islands' economy, in particular in industry and construction, thus reducing the severe impact of economic and commercial disadvantages caused by the remoteness, insularity and small size of those islands.

(3) The Canary Islands' economy continues to be negatively affected by the small size of the islands' market, its fragmentation and remoteness from continental Europe, a particularly high level of unemployment and higher production and distribution costs than those of economic operators in continental Europe. While the Canary Islands' unemployment rate showed some improvement up to 2019, unemployment increased from 20,5 % in 2019 to 22,6 % in 2020, well above an average unemployement rate in 2020 of 15,5 % in Spain and of 7,1 % in the Member States collectively (Eurostat, 2021).

[1] Council Regulation (EU) No 1386/2011 of 19 December 2011 temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products into the Canary Islands (OJ L 345, 29.12.2011, p. 1).

(4) Moreover, the COVID-19 pandemic halted tourism activity in the Canary Islands which, in 2020, led to an estimated drop of around 20 % in the GDP. In addition, there was a contraction in the construction and industrial activity with an estimated decline of 13 %, in comparison to 2019.

(5) It is therefore appropriate to prolong the suspension of the Common Customs Tariff duties for certain goods as listed in Annexes I and II to Regulation (EU) No 1386/2011 in order to ensure sustainability of the positive effects of Regulation (EU) No 1386/2011, contribute to the diversification of the economy, ensure constant growth and the creation of jobs in industry and construction, enhance innovation, reduce the dependence of the local economy on the service sector and complement other measures dedicated to the stabilisation of the economic and social environment in the Canary Islands.

(6) In addition to the product categories covered by Regulation (EU) No 1386/2011, the Government of Spain has requested the suspension of the Common Customs Tariff duties for seven new product categories falling under CN codes 3903 19, 5603 94, 5604 10, 7326 90, 7607 20, 8441 40 and 8479 90. That request should be accepted as those suspensions, which include suspensions for machines for industrial purposes and raw materials, would strengthen the economy of the Canary Islands.

(7) In order to ensure that only economic operators located on the territory of the Canary Islands benefit from those tariff measures, the suspensions should be made conditional on the end-use of the products, in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council[1] and Commission Implementing Regulation (EU) 2015/2447[2].

(8) In case of a deflection of trade and in order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission allowing the Commission to temporarily withdraw the suspension. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[3].

(9) In order to ensure continuity after the expiration of the provisions of Regulation (EU) No 1386/2011, it is appropriate to apply the measures provided in this Regulation from 1 January 2022 until 31 December 2031,

HAS ADOPTED THIS REGULATION:

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1 Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

2 Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558).

3 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Article 1

From 1 January 2022 to 31 December 2031, the Common Customs Tariff duties referred to in Article 56(2), point (c), of Regulation (EU) No 952/2013, applicable to imports into the Canary Islands of capital goods for commercial or industrial use, currently falling under the CN codes listed in Annex I to this Regulation, shall be suspended in full.

Those capital goods shall be used in accordance with the relevant provisions of Regulation (EU) No 952/2013 and of Regulation (EU) 2015/2447 for a period of at least 24 months after their release into free circulation by economic operators located in the Canary Islands.

Article 2

From 1 January 2022 to 31 December 2031, the Common Customs Tariff duties referred to in Article 56(2), point (c), of Regulation (EU) No 952/2013, applicable to imports into the Canary Islands of raw materials, parts and components, currently falling under the CN codes listed in Annex II to this Regulation, and used for industrial transformation or maintenance in the Canary Islands, shall be suspended in full.

Article 3

The suspension of duties referred to in Articles 1 and 2 shall be subject to end-use customs supervision in accordance with Article 254 of Regulation (EU) No 952/2013.

Article 4

1. Where the Commission has reason to believe that any suspension laid down in this Regulation has led to a deflection of trade for a specific product, it shall be empowered to adopt implementing acts in order to temporarily withdraw the suspension with regard to that product for a period not longer than 12 months. Such implementing acts shall be adopted in accordance with the examination procedure referred to in Article 5(2).

   Import duties for products for which the suspension has been temporarily withdrawn shall be secured by a guarantee, and the release of the products concerned for free circulation in the Canary Islands shall be conditional upon the provision of such guarantee.

2. Where the Council decides, in accordance with the procedure laid down in the Treaty, within the 12-month period referred to in paragraph 1, that the suspension is to be definitively withdrawn, the amounts of duties secured by guarantees shall be collected definitively.

3. Where the Council has not adopted a decision that the suspension should definitively be withdrawn within the 12-month period referred to in paragraph 2, the guarantees shall be released.

Article 5

1. The Commission shall be assisted by the Customs Code Committee, established by Article 285(1) of Regulation (EU) No 952/2013.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 6

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

It shall apply from 1 January 2022.

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

Done at …,

For the Council
The President

ANNEX I

Capital goods for commercial or industrial use currently falling under CN codes[1]:

4011 20	8418 61 00	8519 20	9006 30 00
4011 30 00	8418 69 00	8701	9006 53
4011 70 00	8418 91 00	8702	9006 59
4011 80 00	8418 99	8704 21	9007 10 00
4011 90 00	8427	8704 22	9007 20 00
5608	8431 20 00	8704 23	9008 50 00
6403 40 00	8441 40 00	8704 31	9010 10 00
6403 51 05	8450 11 90	8704 32	9011 20 90
6403 59 05	8450 12 00	8704 41	9030 33 20
6403 91 05	8450 19 00	8704 42	9106
6403 99 05	8450 20 00	8704 43	9107 00 00
8415	8450 90 00	8704 51	9207
8418 30 80	8472 30 00	8704 52	9506 91 90
8418 40 80	8479 90	8704 60	9507 10 00
8418 50	8501	8704 90 00	9507 20 90
		8705	9507 30 00

[1] As defined in Commission Regulation (EU) 2021/1832 of 12 October 2021 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 385, 29.10.2021, p. 1).

ANNEX II

Raw materials, parts and components used for agricultural purposes, industrial transformation or maintenance currently falling under CN codes[1]:

3901	5208	5507 00 00	7601
3902 10 00	5209	5508 10 10	7607 20
3903 11 00	5210	5508 20 10	8529 90
3903 19 00	5212	5509	8706 00
3904 10 00	5401 10 12	5510	8707
3906 10 00	5401 10 14	5512	8708
4407 21	5401 20 10	5513	8714
4407 22	5402	5514	9002 90 00
4407 23	5403	5515	9006 91 00
4407 25	5404 11 00	5516	9007 91 00
4407 26	5404 90	5603 94	9007 92 00
4407 29	5407	5604 10 00	9008 90 00
4407 99 40	5408	6001	9010 90 80
4410	5501	6002	9104 00 00
4412	5502	6217 90	9108
5108	5503	6305	9109
5110 00 00	5504	6309 00 00	9110
5111	5505	6406	9111
5112	5506	7326 90	9112
5205			9114

[1] As defined in Commission Regulation (EU) 2021/1832 of 12 October 2021 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 385, 29.10.2021, p. 1).