

EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION WITHIN THE SCOPE OF THE UK/EU WITHDRAWAL AGREEMENT AND NORTHERN IRELAND PROTOCOL

COM (2022) 645

Proposal for a Council Regulation amending Regulation (EU) 2021/2283 opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products

Submitted by Department for International Trade on 19 January 2023.

SUBJECT MATTER

1. On 16 November 2022, the European Commission published a proposal for a regulation to open and provide management of autonomous tariff quotas of the Union for certain agricultural and industrial products (Council Regulation 2022/645 or "the Regulation"). Autonomous tariff quotas allow imports up to a given quantity of a good at a lower or zero tariff. The link to the Regulation is: [https://ec.europa.eu/transparency/documentsregister/detailPref=COM\(2022\)645&lang=en](https://ec.europa.eu/transparency/documentsregister/detailPref=COM(2022)645&lang=en). Relevant products are listed in the Annex to the Regulation.
2. The Regulations are reviewed and updated every six months to accommodate the needs of EU industry. Following a Commission review of requests made by Member States for autonomous tariff quota duties, the Commission is proposing to open quotas for certain new products which are not currently listed in the Annex. For some other products the proposal is for their entry to be updated to either change the wording of their description, assign a new TARIC ('Integrated Tariff of the EU') codes, or increase the initial quota where necessary. Some products are proposed to be withdrawn where a quota is no longer in the EU's interest.
3. The stated objective of the Regulation is to allow for the importation into the European Union of raw materials, components and semi-finished products which cannot be supplied in sufficient quantities from EU sources at a reduced duty rate. According to the EU, this regime helps EU manufacturers to compete against import of finished products from elsewhere in the world.
4. The Regulation updates Council Regulation (EU) 2021/2283.

SCRUTINY HISTORY

5. Council Regulation 2021/2283 was subject to scrutiny as EU document 14182/21, COM(21)707 on which DIT submitted an EM dated 1 February 2022. The House of Commons European Scrutiny Committee completed scrutiny on 23 February 2022 without a substantive report to the House (Report 18, 21/22). The proposal was considered at the Lords European Affairs Committee's Chair's Sift 14 on 8 February 2022 and was drawn to the attention of the Sub-Committee on the protocol on Ireland/Northern Ireland; no questions were raised by the Sub-Committee.

MINISTERIAL RESPONSIBILITY

6. HM Treasury and the Department for International Trade both have responsibility for policy on tariffs, including tariff quotas. The Department for Environment, Food and Rural Affairs also has responsibility for tariff quota policy. The Foreign, Commonwealth and Development Office leads on oversight of the Protocol on Ireland/Northern Ireland. The Cabinet Office has overall oversight of the devolution consequences of EU exit. The Department for Business, Energy and Industrial Strategy has an interest from a business perspective.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

7. International Trade policy is an area of reserved competence for the UK Government. The proposal does not cover any area subject to the common framework. However, as it relates directly to the flow of goods into, and out from, Northern Ireland the Northern Ireland Executive will have an interest in the Regulation. The Northern Ireland Executive, in conjunction with the Welsh and Scottish devolved administrations, has therefore been consulted in the preparation of this EM and no comments were received.

LEGAL AND PROCEDURAL ISSUES

8. Legal Base

The legal basis for this Proposal is Article 31 of the Treaty on the Functioning of the European Union (TFEU) which allows for Common Customs Tariff duties to be fixed by the Council on a proposal from the Commission.

9. Voting Procedure

Under Article 31 TFEU, quotas are fixed by Council acting on a qualified majority following proposal by the Commission.

10. Timetable for adoption and implementation

Council regulation COM (2022)645, once adopted, will apply from 1 January 2023.

POLICY IMPLICATIONS

- 11 . Proposals for legislation regulating autonomous tariff quotas have been made routinely by the EU every six months for several years. No new legislation is required to implement the legislation and there are no new policy implications (by virtue of the UK's exit from the EU).
12. Since this proposal for the regulation relates to the Union Customs Code it is applicable to Northern Ireland under Article 5(3). However, there are no new policy implications in respect of Northern Ireland, and the Regulation will not result in any changes in access to EU autonomous tariff quotas in Northern Ireland.
13. The UK has its own autonomous tariff quota regime, which is designed to support the needs of UK businesses and consumers. EU quotas, in force before, or as part of, the July 2020 update, were carried over into the UK's independent regime to ensure a degree of continuity for UK businesses. We have no plans to implement EU quota updates after July 2020 into the UK's independent regime.

14. The proposal does not affect preferential trading arrangements, including the EU—UK Trade and Cooperation Agreement, under which the UK has tariff-free, quota-free access.

CONSULTATION

15. As the Regulation have no impact on UK businesses, consultation was not deemed as necessary.

FINANCIAL IMPLICATIONS

16. There are no new financial implications for HMG.

MINISTERIAL NAME AND SIGNATURE



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