Council Regulation (EC) No 501/2007 of 7 May 2007 amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

COUNCIL REGULATION (EC) No 501/2007

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

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) With the enlargement of the European Union the number of small and medium sized enterprises (SME) using unwrought, not alloyed aluminium for the production of semi-finished and finished industrial goods has significantly increased. Furthermore, the market situation within the European Union has significantly changed due to takeovers of Community industries by global industrial holdings and further concentration of manufacturers of aluminium on the world market. At the same time costs for electricity, an important cost factor in the production of not alloyed aluminium, has dramatically increased and the development of the world economy has led to a shortage of supply of raw aluminium.

(2) These factors have lead to a significant increase in prices for raw aluminium and excluded to a very large extent independent small and medium sized users of not alloyed aluminium from duty free purchases of this product. The payment of customs duties of 6 % for the basic raw material has therefore the effect that the competitiveness of such companies is at risk and creates the danger that a larger number of these companies will not be able to survive.

(3) The elimination of these companies from the Community market would certainly reduce competition for semi-finished aluminium products on this market. In addition such elimination would have negative effects on the employment in the Community especially in some rural areas of the new Member States. The partial suspension of the customs duty for non-alloyed aluminium would therefore improve to a certain extent the competitiveness of the SME and thus improve the competition for semi-finished and finished aluminium products on the Community market.

(4) This situation has to be weighed against the impact of a customs duty suspension on the manufacturing plants of not alloyed aluminium which still exist within the Community and in countries with a preferential tariff arrangement with the European Union. Almost all these plants belong either directly or indirectly to major industrial holdings located

Changes to legislation: *There are currently no known outstanding effects for the Council Regulation (EC) No 501/2007. (See end of Document for details)*

outside the European Union. The aluminium produced in these plants and supplied duty free is mainly used for further transformation within companies linked to these holdings. Only a relative small share of duty free non alloyed aluminium is made available to independent SME. Nevertheless taking into account the relative high level of the conventional rate of customs duty of 6 % the autonomous partial suspension of this duty will have an impact on the profitability of the production and the subsequent transformation operations of these companies due to an increased price pressure on the products resulting from transformation as well as on the raw aluminium sold on the open market to independent companies.

(5) In view of this situation it appears therefore appropriate to suspend the autonomous rate of customs duty partially. This will allow the independent SMEs to reduce their costs and to benefit from a significant increase in competitiveness.

(6) This partial suspension of the autonomous customs duty for unwrought, not alloyed aluminium is appropriate to balance the economic interest of the operators concerned.

(7) Taking into account possible future changes in the market situation of unwrought, not alloyed aluminium, a review should be foreseen after three years of the entry into force of this Regulation.

(8) Since the partial suspension should cover all products falling within CN code 7601 10 00 and given the permanent character of the measure, Annex I to Council Regulation (EEC) No 2658/87[(1)] should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

In Annex I to Regulation (EEC) No 2658/87, the text in column 3 for CN code 7601 10 00 in Chapter 76, Section XV of Part Two (Schedule of Customs Duties) shall be replaced by the following:

6[(2)]

Article 2

Three years after the entry into force of this Regulation, the Council, acting on a proposal from the Commission, may adjust the autonomous customs duty of 3 % for unwrought, not alloyed aluminium falling within CN code 7601 10 00.

Article 3

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

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