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*****I REPORT**

on the proposal for a regulation of the European Parliament and of the Council repealing Council Regulation (EC) No 1541/98 on proof of origin for certain textile products falling within Section XI of the Combined Nomenclature and released for free circulation in the Community, and on the conditions for the acceptance of such proof and amending Council Regulation (EEC) No 3030/93 on common rules for imports of certain textile products from third countries (COM(2010)0544 – C7-0316/2010 – 2010/0272(COD))

Committee on International Trade

Rapporteur: Jan Zahradil

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council repealing Council Regulation (EC) No 1541/98 on proof of origin for certain textile products falling within Section XI of the Combined Nomenclature and released for free circulation in the Community, and on the conditions for the acceptance of such proof and amending Council Regulation (EEC) No 3030/93 on common rules for imports of certain textile products from third countries
(COM(2010)0544 – C7-0316/2010 – 2010/0272(COD))**

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2010)0544),
 - having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0316/2010),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A7-0156/2011),
1. Adopts its position at first reading, taking over the Commission proposal;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

EXPLANATORY STATEMENT

The Commission's proposal to repeal Council Regulation (EC) No 1541/98¹ and to amend Council Regulation (EEC) No 3030/93², as presented to the European Parliament and the Council under ordinary legislative procedure is driven by European Union's policy commitment to simplify the legislation in force in view of creating a better and clearer legislative environment for businesses, mainly with respect to the simplification of customs formalities carried out by importers of certain textile products released for free circulation in the Community, which fall within Section XI of the Combined Nomenclature³, listed in Annex I to Council Regulation (EEC) No 3030/93. Moreover, the Commission's objective is also to enhance the uniformity of the rules for import by aligning the rules relating to imports of textile with those for other industrial goods, which should improve the overall consistency of the legislative environment in this area.

Scope of Council Regulation (EC) No 1541/98

The legal instrument to be repealed concerns the conditions of acceptance of proofs of origin for certain textiles and textile articles originating in third countries, and falling within Section XI of the Combined Nomenclature: silk; wool, fine or coarse animal hair, horsehair yarn and woven fabric; cotton; other vegetable textile fibres, paper yarn; man-made filaments, strip and the like of man-made textile materials; man-made staple fibres; wadding, felt and non woven, special yarns, twine, cordage, ropes and cables and articles thereof; carpets and other textile floor coverings; special woven fabrics, tufted textile fabrics, lace, tapes, trims, trimmings, embroidery; impregnated, coated, covered or laminated textile fabrics, and textile articles of a kind suitable for industrial use; knitted or crocheted fabrics; articles of apparel and clothing accessories, knitted or crocheted; articles of apparel and clothing accessories, not knitted or crocheted; other made-up textile articles, sets, worn clothing and worn textile articles, rags, as listed in Annex I of Council Regulation (EEC) No 3030/93.

Justification for the Repeal

1) Changes in the Regulatory Environment

The European Union initially adopted Council Regulation (EC) No 1541/98 to introduce specific requirements for the presentation of proof of origin for the abovementioned textile products originating in third countries to which the quantitative restrictions applied. The objective was mainly to provide a tool for the implementation of trade policy measures adopted in order to avoid market disruption caused by surging imports from third countries

¹ The Council Regulation (EC) No 1541/98 of 13 July 1998 on proof of origin for certain textile products falling within Section XI of the Combined Nomenclature and released for free circulation in the Community, and on the conditions for the acceptance of such proof.

² The Council Regulation (EEC) No 3030/93² of 12 October 1993 on common rules for imports of certain textile products from third countries.

³ The Combined Nomenclature (CN) is the common nomenclature of the EU. It includes 8-digit sub-headings that are used in export declarations and in statistical declarations on internal trade to identify the different categories of goods. The CN is updated every year and the new version that comes into force in the beginning of the following year is published yearly in the Official Journal of the European Union, by the end of October at the latest.

such as the PR of China.

Subsequently, quantitative restrictions on imports originating in WTO member countries were eliminated with the expiry of the WTO Agreement on Textile and Clothing in 2005. As regards special safeguard provisions for imports of textiles and apparel products originating in the PR of China that were covered by the Agreement on Textiles and Clothing (ATC), they also ended on 31 December 2008, and the regime of double checking surveillance system of imports categories originating in the PR of China expired.

The Rapporteur shares the Commission's view that as a consequence of the abovementioned, the very limited trade policy measures in the textiles sector applied by the Union can be managed without imposing the excessive burden of presenting proof of origin for all imports.

2) Current Control Instruments for Imports of Textile Products

In order to continue controlling imports of textile products still subject to remaining quantitative restrictions and originating from Belarus and North Korea, which are not yet members of the WTO, the EU now relies on import authorizations. This contributes to prevent the problem of market distortions that would be caused by a surge in imports of the given textile products to the EU market, if the allowed quotas were not respected.

Moreover, concerning the categories of products falling within Section XI of the CN not subject to quantitative import restrictions, and released for free circulation in the EU, a system of ex post statistical surveillance is being applied to monitor their impact on the EU market. This system is administered in accordance with Article 308(d) of Commission Regulation (EEC) No 2454/93 establishing the Community Customs Code ¹.

Last, but not least, in accordance with Commission Regulation (EEC) No 2454/93, the country of origin for all imported products must be indicated in the Box 34 of the single administrative document that importers have to complete for the release for free circulation of goods. This indication is subject to verifications by the customs authorities that also have the possibility to require additional proof, where appropriate, on a case by case basis.

Better Information of Consumers

The Rapporteur would also like to remind that in addition to the abovementioned controlling mechanisms for imports of textile products to the EU, the European Parliament adopted in 2010 in first reading the report by Mrs. Cristiana Muscardini, MEP² on the indication of the country of origin of certain products imported from third countries (Made In), which also concerns textiles and clothing. Although the Muscardini report does not introduce a new controlling mechanism, it proposes a Regulation on the indication of the country of origin that once in force will provide needed information on the origin of several products, including textiles and clothing to European consumers.

¹ The Commission Regulation (EEC) No 2454/93 of 2 July 1993 lays down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.

² The Report Muscardini was adopted in INTA on September 29, 2010 (19 votes in favour and 2 against); the EP adopted it in first reading on October 21, 2010 (525 votes in favour, 49 against, and 44 abstentions). The proposal for a Regulation on "Made In" is pending Council's approval.

PROCEDURE

Title	Repeal of Council Regulation (EC) No 1541/98 on proof of origin for certain textile products	
References	COM(2010)0544 – C7-0316/2010 – 2010/0272(COD)	
Date submitted to Parliament	6.10.2010	
Committee responsible Date announced in plenary	INTA 19.10.2010	
Rapporteur(s) Date appointed	Jan Zahradil 26.10.2010	
Discussed in committee	26.1.2011	15.3.2011
Date adopted	13.4.2011	
Result of final vote	+: 22 -: 0 0: 3	
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Kader Arif, David Campbell Bannerman, Marielle De Sarnez, Christofer Fjellner, Metin Kazak, Bernd Lange, David Martin, Emilio Menéndez del Valle, Paul Murphy, Godelieve Quisthoudt-Rowohl, Helmut Scholz, Robert Sturdy, Gianluca Susta, Keith Taylor, Iuliu Winkler, Jan Zahradil, Pablo Zalba Bidegain, Paweł Zalewski	
Substitute(s) present for the final vote	Catherine Bearder, George Sabin Cutaș, Jörg Leichtfried, Georgios Papastamkos, Carl Schlyter	
Date tabled	18.4.2011	