



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.3.2007
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2007/0059 (ACC)

Proposal for a

COUNCIL DECISION

on the Community position concerning the amendment of Protocol 4 to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part

(presented by the Commission)

EXPLANATORY MEMORANDUM

With a view to the further liberalisation of trade flows and the strengthening of the economic ties between the European Community and the Faroe Islands, it is proposed to double the existing Community tariff concession for Faroese fish feed.

The Council is invited to decide on the common position to be adopted within the Joint Committee of the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part, about the modification of Protocol 4 to this Agreement.

The decision of the Joint Committee shall be published in the *Official Journal of the European Union*.

Proposal for a

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on the Community position concerning the amendment of Protocol 4 to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with the second subparagraph of Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part¹ (hereinafter called the "Agreement") entered into force on 1 January 1997.
- (2) Article 31(1) of the Agreement sets up a Joint Committee to be responsible for the administration of the Agreement and ensure its proper functioning.
- (3) Article 34 of the Agreement provides that the Joint Committee may modify the Protocols to the Agreement.
- (4) The Faroe authorities have put forward a request for modifying Protocol 4 and increasing to 50 000 tonnes the tariff concessions from the Community for the fish feed products. Parties have consulted each other within the Joint Committee, in accordance with the provisions of Article 31(2) of the Agreement.
- (5) The rules of procedures adopted by the Joint Committee according to Article 31(3) of the Agreement foresee that the Decisions of the Joint Committee are signed by the Chairman and that the office of Chairman is held alternatively, from 1 January to 31 December, by a representative of the Denmark-Faroe Islands and by a representative of the European Community,

¹ OJ L 53, 22.2.1997, p. 2.

HAS DECIDED AS FOLLOWS:

Article 1

The position of the European community in the Joint Committee established by Article 31 of the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part, is attached to this decision. This position shall be expressed by the Commission.

Article 2

The decision of the Joint Committee shall be published in the *Official Journal of the European Union* after adoption.

Done at Brussels,

*For the Council
The President*

DRAFT DECISION

of the EC/Denmark-Faroe Islands Joint Committee amending Protocol 4 to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part

The Joint Committee,

Having regard to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part², hereinafter referred to as "the Agreement", and in particular Article 34(1) thereof,

Whereas:

- (1) Under Article 1 of Protocol 4 to the Agreement, the Community has granted tariff concessions for Faroese fish feed, in respect of an annual tariff quota of 5 000 tonnes.
- (2) Under decision No 2/98 of the EC/Denmark-Faroe Islands Joint Committee³ this tariff quota has been increased to 10 000 tonnes from 1 January 2000 onwards.
- (3) The Faroe authorities have put forward a request for increasing the tariff concessions from the Community for these products.
- (4) A doubling of the existing annual tariff quota should be allowed.
- (5) Fish feed, which benefits from the preferential import regime, may not contain added gluten.
- (6) This quota is subject to a review clause. The Joint Committee, in accordance with Article 31(2) of the Agreement, will regularly exchange information to that purpose.
- (7) To that end Article 1 of Protocol 4 to the Agreement should be amended,

² OJ L 53, 22.2.1997, p. 2.

³ OJ L 263, 26.9.1998, p. 37.

HAS DECIDED AS FOLLOWS:

Article 1

In Article 1 of Protocol 4 to the Agreement, the text in the table relating to CN codes ex 2309 90 10, ex 2309 90 31 and ex 2309 90 41 shall be replaced by the following text:

CN code	Description	Rate of duty	Tariff quota (in tonnes)
ex 2309 90 10 ⁴ ex 2309 90 31 ⁵ ex 2309 90 41 ⁶	Fish feed	0	20 000

Article 2

1. The following text shall be added to Article 1 of Protocol 4:

"As regards the tariff quota opened for fish feed under CN codes ex 2309 90 10, ex 2309 90 31 and ex 2309 90 41, the following shall apply:

"Faroe authorities shall certify that fish feed exported to the EU under this preferential quota does not contain added gluten, in addition to the gluten naturally present in the cereals that may enter in the compounding of the fish feed. The European Community may proceed to controls in the Faroe Islands of the compounding of the fish feed, especially its gluten content. "

2. The conduct of controls of the compounding of fish feed is attached to this decision. If the inspection brings evidence that the conditions required for granting this trade preference are not met, the Commission may suspend this preference for as long as no proper conditions are in place.

Article 3

The Joint Committee shall monitor the utilisation of this tariff quota. Depending on the utilisation of the quota and the evolution of market conditions, this Joint Committee shall review this tariff quota in four years time.

⁴ Fish feed that benefit from the preferential import regime may not contain added gluten, in addition to the gluten naturally present in the cereals that may enter in the compounding of this feed.

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Article 4

The volume increase of the tariff quota for the calendar year 2007 shall be calculated *pro rata temporis* as of the entry into force of this Decision.

Article 5

This decision shall enter into force on the first day of the second month following its adoption.

Done at Brussels,

*For the Joint Committee
The President*

ANNEX

Conduct of the controls of the compounding of fish feed

Article 1

Faroe authorities shall communicate to the Commission the control provisions they have adopted as regards Articles 1 and 2 of this decision. Faroe authorities shall make available to the Commission all information necessary for the control of the gluten content of fish feed exported to the EU and shall take all appropriate measures to facilitate the checks the Commission deems appropriate in this connection.

Article 2

The European Community may proceed with controls of fish feed compound in the Faroe Islands. Fish feed undertakings shall give immediate access to their factories and to their stock records in order to allow inspectors to trace the raw materials that have been used. Inspectors shall be allowed to take samples for analysis.

Inspectors shall be entitled to control the compounding of fish feed, the raw and processed materials, and the books and other documents, including documents and metadata drawn up or received or recorded on an electronic medium, relating to stock records.

Article 3

Inspections shall be carried out by experts of the Commission or of the Member States, herein referred to as the "inspectors". The experts from the Member States who are to be entrusted with the task of carrying out these inspections shall be appointed by the Commission.

Article 4

Those inspections shall be made on behalf of the Community, which shall bear the expenditure incurred by their inspectors.

Inspectors shall inform Faroe authorities of an inspection so that Faroe agents may take part in such inspections.

Article 5

Detailed arrangements on the way the controls are carried out may be conducted directly by the Commission with Faroe authorities.

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

1. NAME OF THE PROPOSAL

Proposal for a Council Decision on a Community position concerning the amendment of Protocol 4 to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part.

2. BUDGET LINES

Chapter 10 – Article 1000 – Agricultural duties.
Amount budgeted for the year 2007: – 1 486.9 Mio €.

3. FINANCIAL IMPACT

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

(€ million to one decimal place):

Budget line	Revenue ⁷	12-month period, starting 1.1.2007
Article 100 – 1000	<i>Impact on own resources</i>	– 0,17
Article ...	<i>Impact on own resources</i>	–

Situation following action				
	2008	2009	2010	2011
Article 100 – 1000				
Article ...				

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

This is the maximum potential impact. Nevertheless, it should be noted that the current level of imports is lower than 10 000 tonnes and, consequently, the expected financial impact would be much lower, even zero.

⁷ Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% of collection costs.