



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 6.6.2006
SEC(2006) 687 final

Draft

**DECISION NO X/2006
OF THE EC-DENMARK/FAROE ISLANDS JOINT COMMITTEE**

amending Tables I and II of the Annex to Protocol 1 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

- Draft common position of the Community -
(presented by the Commission)

EXPLANATORY MEMORANDUM

The tariff treatment and arrangements applicable to certain fish and fishery products originating in the Faeroes released for free circulation in the Community are specified in Protocol 1 to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands¹, of the other part.

In application of Protocol 1 the Community has granted tariff concessions for shrimps, prawns and Norway lobsters, prepared or preserved, originating in the Faeroes in the form of a tariff quota of 3 000 tonnes. However, there is no tariff concession in Protocol 1 for imports of frozen haddock originating in the Faeroes.

Article 36 of the above-mentioned Agreement stipulates that at the request of the Faeroes, the Community will consider improving the access possibilities for specific products.

The Faeroes have requested that the quota for shrimp, prawns and Norway lobster be increased from 3 000 to 6 000 tonnes. They have also requested that frozen haddock originating in the Faeroes be added to the list of fishery products in table 1 of Protocol 1 that may be imported free of duty into the Community.

The Commission deems that it is reasonable to accept both requests given the tariff treatment and arrangements applicable to imports of the same products originating in other third countries such as Norway, Iceland and Greenland and the relatively low risk of such changes having a negative impact on the Community market. Nevertheless, in the case of the tariff quota for shrimps, prawns and Norway lobsters, the Commission considers that the increase in the quota should be introduced gradually in increments of 1 000 tonnes and made conditional to a sufficient degree of utilisation of the existing quota.

Article 31 of the Agreement established a Joint Committee with responsibility for the administration of the Agreement and its implementation. In accordance with Article 34(1) of the Agreement, the Joint Committee may therefore adopt a decision modifying the annex of Protocol 1 to the Agreement.

In view of the foregoing, the Commission should propose to the Council the adoption of the attached draft decision as a common position of the Community in the next Joint Committee.

¹ OJ L 53, 22.02.1997, p. 2.

Draft

**DECISION NO X/2006
OF THE EC-DENMARK/FAROE ISLANDS JOINT COMMITTEE**

amending Tables I and II of the Annex to Protocol 1 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) The Annex to Protocol 1 to the Agreement specifies the customs duties and other conditions to be applied on import into the Community of certain fish and fishery products originating in and coming from the Faeroes.
- (2) Under this Annex, the Community has granted concessions for shrimps, prawns and Norway lobsters, prepared or preserved, from the Faroe Islands, subject to an annual tariff quota of 3 000 tonnes.
- (3) The authorities of the Faroe Islands have requested that the tariff concessions granted by the Community for shrimps, prawns and Norway lobsters, prepared or preserved, be increased to 6 000 tonnes.
- (4) It is reasonable to authorise such an increase over a period of time to be determined by the degree to which the quota is utilised.
- (5) Under the Annex, the Community has not granted any concession for frozen haddock originating in and coming from the Faeroes.
- (6) The authorities of the Faroe Islands have requested that frozen haddock be added to the list of fishery products in table 1 of the Annex to Protocol 1 that may be imported free of duty into the Community.
- (7) It is reasonable to include frozen haddock in this table,

² OJ L 53, 22.02.1997, p. 2.

HAS DECIDED AS FOLLOWS:

Article 1

Table II of the Annex to Protocol 1 to the Agreement shall be amended as follows:

'1605	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved:		TQ No 4(1) 4 000
1605 20	- Shrimps and prawns:		
1605 20 10	-- In airtight containers	0	
	-- Other:		
1605 20 91	--- In immediate packing of a net content not exceeding 2 kg	0	
1605 20 99	--- Other:	0	
ex 1605 40 00	- Norway lobsters (<i>Nephrops norvegicus</i>)	0'	

(1) In 2007 the annual volume shall be 4 000 tonnes. From 1 January 2008 onwards the yearly volume shall be increased by 1 000 tonnes to a maximum level of 6 000 tonnes provided that at least 80 % of the total amount of the previous quota has been used by 31 December of that year.

Article 2

Table I of the Annex to Protocol 1 to the Agreement shall be amended by the inclusion of the following row:

'0303 72 00	Haddock (<i>Melanogrammus aeglefinus</i>)	0'	
-------------	---	----	--

Article 3

This Decision shall take effect on the first day of the second month following that of its adoption.

Done at Brussels,

*For the Joint Committee
The President*

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

1. NAME OF THE PROPOSAL:

Proposal for a Decision of the EC/Denmark-Faroe Islands Joint Committee amending Tables I and II of the Annex to Protocol 1 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 and Article:

Chapter 12, Article 120

Amount budgeted for the year concerned: EUR 12 905 million

3. FINANCIAL IMPACT

- Proposal has no financial implications
- 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 ³	12 month period, starting 01/01/2006	[Year n]
Article ...	<i>Impact on own resources</i>	0.2	

Situation following action					
	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
Article ...	0.7	1.4	2.1		

³ 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

4. ANTI-FRAUD MEASURES

The management of the quantities for shrimps will be carried out by the Commission in accordance with the quota allocation procedure.

5. OTHER REMARKS

The full customs duty rate applicable to shrimps is 20 % and to frozen haddock is 7.5 %.

In view of the low level of imports of frozen haddock from the Faeroes and the current duty rate, it is not considered that the additional concession will have a material impact on the Community budget. Therefore, the potential loss of customs duties on imports of this product from the Faeroes has not been considered further.

However, the proposed increase in the quota for shrimps, prawns and Norway lobsters could have an impact on the revenue side of the budget if the additional quantities are taken up. The potential loss of revenue has been calculated on the assumption that the additional quantities will be taken up in the year in which they become available as follows:

- 2006 333 tonnes
- 2007 1000 tonnes
- 2008 2000 tonnes
- 2009 3000 tonnes

The calculation of revenue foregone is based on the average value of shrimps and prawns (16052099) imported from the Faeroes during the period 2002-2004 (€ 4619 per MT) as this product accounts for the major part of trade under the quota order no 090679. The figure thus calculated was then reduced by 25 % to reflect the collection costs incurred by Member States.