



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 18.12.2002
COM(2002) 758 final

2002/0265 (ACC)

Amended proposal for a

COUNCIL DECISION

on trade in certain steel products between the European Community and Ukraine

(presented by the Commission pursuant to Article 250(2)
of the EC-Treaty)

EXPLANATORY MEMORANDUM

The Partnership and Cooperation Agreement between the European Communities and their Member States, on the one hand, and Ukraine, on the other, provides in Article 22, paragraph 1, that trade in some steel products shall be the subject of a specific agreement. The previous bilateral agreement between the ECSC and the Government of Ukraine on trade for certain steel products expired on 31 December 2001. The Parties agreed to conclude a new agreement for the years 2002-2004. Negotiations on the new steel agreement were completed in December 2001, and pending its entry into force, a Decision of the Representatives of the Governments of the Member States meeting within the Council of 19 December 2001 was adopted, setting out quantitative limits for the same products covered by the new steel agreement for the period 1 January – 30 June 2002. A second Decision was adopted on 17 June 2002, amending the first one, and setting quantitative limits for the full year 2002 at the level of 2001, that is below that agreed in the new agreement, pending the resolution of the VAT refund issue on exports of scrap from Ukraine. Indeed, the draft Agreement foresees that there must be no obstacles whatsoever in trade of scrap between the Parties. The signature of the agreement has been postponed until the resolution of this trade issue.

The Commission already approved and sent to the Council a draft Council Decision fixing quantitative limits on trade in certain steel products between the EC and Ukraine.

The attached draft Council Decision amends the previous draft Council Decision in format and in substance. This draft Council Decision decreases the quantitative limits that were proposed in the previous draft Council Decision as a result of the Ukrainian Parliament passing recently a law imposing a tax of € 30 /tonne on export of ferrous scrap as from 1 January 2003 that will penalise the Community steel industry and will adversely affect the Community ferrous scrap market. This tax is likely to limit substantially, if not totally, exports of ferrous scrap from Ukraine to the EC since the overall cost for EC operators would be well beyond the current international price of ferrous scrap on the EC market. Quantitative limits for 2003 are therefore reduced by 30% compared to those fixed for the year 2002, pending a satisfactory solution to this issue and the conclusion of the negotiations of the new Agreement (negotiations are ongoing and both sides hope to be able to conclude in early 2003). This Council Decision would be automatically repealed when the new agreement will enter into force, and the quantitative limits contained in this Decision would be reviewed in the case that the Ukrainian tax on ferrous scrap exports was lifted earlier than the entry into force of the new agreement.

Amended proposal for a

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on trade in certain steel products between the European Community and Ukraine

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Partnership and Cooperation Agreement between the European Communities and their Member States, on the one part, and Ukraine, of the other part¹, provides in its Article 22, paragraph 1, that trade in some steel products shall be the subject of a specific agreement;
- (2) The previous bilateral agreement between the ECSC and the Government of Ukraine on trade for certain steel products expired on 31 December 2001;
- (3) The Parties agreed to conclude a new agreement and the negotiations of this new agreement have not yet been completed;
- (4) The European Community (EC) has taken over the international obligations of the ECSC since the expiry of the ECSC Treaty, and measures relating to trade in steel products with third countries now fall under the competence of the EC in the field of trade policy;
- (5) Quantitative limits for the year 2002 have been fixed by Decision 2001/933/ECSC of the representatives of the Government of the Member States meeting within the Council of 19 December 2001², as amended by Decision 2002/476/ECSC³;
- (6) Pending the signature and the entry into force of the new agreement, quantitative limits for the year 2003 must be established ;
- (7) The Ukrainian Parliament passed a law imposing a tax of € 30/ tonne on exports of ferrous scrap, to be applied as of 1 January 2003; this proposed tax will constitute an obstacle to the free trade of ferrous scrap and would seriously limit, if not block, exports of ferrous scrap, thereby penalising the Community steel industry and affecting adversely the Community ferrous scrap market; as a consequence, it is

¹ OJ L 49, 19.2.1998, p.3

² OJ L 345, 29.12.2001, p.75

³ OJ L 164, 22.06.2002, p.37

appropriate to reduce the quantitative limits for 2003 by 30% compared to the quantitative limits set for 2002, pending a satisfactory solution to this issue and the conclusion of the negotiations of the new Agreement,

HAS DECIDED AS FOLLOWS:

Article 1

During the period mentioned in Annex 1, imports into the European Community of steel products referred to in Annex 2 originating in Ukraine shall be subject to licensing. Licenses shall be issued only within the limits defined in Article 2.

Article 2

Imports shall be authorised, for each product group and for the whole of the Community, up to the quantitative limits indicated in Annex 1.

The period of validity of the import licence is hereby fixed at four months. Unused or partially used import licences may be renewed for two months.

Article 3

Member States shall issue licences according to rules agreed within the Steel Liaison Committee and inform the Commission thereof immediately. The Commission shall keep the Member States regularly informed of the extent to which the quantities have been used up.

The Member States and the Commission shall confer in order to ensure that these quantities are not exceeded.

Article 4

The provisions of the agreement on trade in certain steel products together with any measures to give effect to it, shall as from the date of entry into force of the agreement replace the provisions of this Decision.

Article 5

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

Done at Brussels,

For the Council
The President

ANNEX 1

QUANTITATIVE LIMITS FIXED FOR THE PERIOD 1.1.2002-31.12.2003 (tonnes)

Products

SA. Flat products

SA1. Coils	46 604
SA2. Heavy plate	178 364
SA3. Other flat products	14 391

SB. Long products

SB1. Beams	6 273
SB2. Wire rod	89 624
SB3. Other long products	112 926

ANNEX 2

SA Flat-rolled products	7209 17 90	7219 34 10	7214 91 10
	7209 18 10	7219 34 90	7214 91 90
<i>SA1. Coils</i>	7209 18 91	7219 35 10	7214 99 10
	7209 18 99	7219 35 90	7214 99 31
7208 10 00	7209 25 00		7214 99 39
7208 25 00	7209 26 10	7225 40 80	7214 99 50
7208 26 00	7209 26 90		7214 99 61
7208 27 00	7209 27 10	SB Longs	7214 99 69
7208 36 00	7209 27 90		7214 99 80
7208 37 10	7209 28 10	<i>SBI. Beams</i>	7214 99 90
7208 37 90	7209 28 90		
7208 38 10	7209 90 10	7207 19 31	7215 90 10
7208 38 90		7207 20 71	
7208 39 10	7210 11 10		7216 10 00
7208 39 90	7210 12 11	7216 31 11	7216 21 00
	7210 12 19	7216 31 19	7216 22 00
7211 14 10	7210 20 10	7216 31 91	7216 40 10
7211 19 20	7210 30 10	7216 31 99	7216 40 90
	7210 41 10	7216 32 11	7216 50 10
7219 11 00	7210 49 10	7216 32 19	7216 50 91
7219 12 10	7210 50 10	7216 32 91	7216 50 99
7219 12 90	7210 61 10	7216 32 99	7216 99 10
7219 13 10	7210 69 10	7216 33 10	
7219 13 90	7210 70 31	7216 33 90	7218 99 20
7219 14 10	7210 70 39		
7219 14 90	7210 90 31	<i>SB2. Wire rod</i>	7222 11 11
	7210 90 33		7222 11 19
	7210 90 38	7213 10 00	7222 11 21
7225 20 20		7213 20 00	7222 11 29
7225 30 00	7211 14 90	7213 91 10	7222 11 91
	7211 19 90		7222 11 99
<i>SA2. Heavy Plate</i>	7211 23 10	7213 91 20	7222 19 10
	7211 23 51	7213 91 41	7222 19 90
7208 40 10	7211 29 20	7213 91 49	7222 30 10
7208 51 10	7211 90 11	7213 91 70	7222 40 10
7208 51 30		7213 91 90	7222 40 30
7208 51 50	7212 10 10	7213 99 10	
7208 51 91	7212 10 91	7213 99 90	7224 90 31
7208 51 99	7212 20 11		7224 90 39
7208 52 10	7212 30 11	7221 00 10	
7208 52 91	7212 40 10	7221 00 90	7228 10 10
7208 52 99	7212 40 91		7228 10 30
7208 53 10	7212 50 31	7227 10 00	7228 20 11
	7212 50 51	7227 20 00	7228 20 19
7211 13 00	7212 60 11	7227 90 10	7228 20 30
7225 40 20	7212 60 91	7227 90 50	7228 30 20
7225 40 50			
7225 99 10			
<i>SA3. Other flat rolled products</i>		7227 90 95	7228 30 41
			7228 30 49
7208 40 90	7219 21 10	<i>SB3. Other longs</i>	7228 30 61
7208 53 90	7219 21 90		7228 30 69
7208 54 10	7219 22 10	7207 19 11	7228 30 70
7208 54 90	7219 22 90	7207 19 14	7228 30 89
7208 90 10	7219 23 00	7207 19 16	7228 60 10
	7219 24 00	7207 20 51	7228 70 10
	7219 31 00	7207 20 55	7228 70 31
7209 15 00	7219 32 10	7207 20 57	7228 80 10
7209 16 10	7219 32 90		7228 80 90
7209 16 90	7219 33 10	7214 20 00	
7209 17 10	7219 33 90	7214 30 00	7301 10 00