

# The Non Annex I trade regime

DG Enterprise and Industry – Unit F 4



# 1. What are NA I – products and what are PAPs?

- Agricultural Products are listed in Annex I to the EC-Treaty and they are called Annex I products.
- Processed Agricultural Products (PAPs) are not listed in Annex I and are therefore called Non-Annex I-products (NA I).
- PAPs range from baby food to whiskey and includes confectioneries, chocolates, modified starches etc.



## 2. Why do we need a trade regime?

- Common Agricultural Policy (CAP) applies only to Annex I Products.
- Certain goods not covered by CAP also contain important quantities of agricultural raw materials e.g. sugar, milk, cereals, eggs.
- EU manufacturers pay EU prices for their raw materials while their non EU based competitors pay world market prices.
- To preserve competitiveness of EU based manufacturers a trade system is needed which provides for the levying of import charges and the payment of export refunds.



### 3. Regulations 3448/93 and 1043/2005

- Council Regulation (EC) No 3448/93 lays down the trade arrangements applicable to NAI goods.
- Annex B of Reg. 3448/93 lays down the goods which are covered by these trade arrangements.
- Specific implementing rules for the granting of export refunds are laid down by Commission regulation No 1043/2005.



## 4. Imports into the EU

Duties on PAPs normally consist of :

- an ad valorem part (percentage) and/or
- an agricultural element and/or
- a specific duty



## 4. Imports into the EU

- Industrial protection is ensured by the ‘**non agricultural component**’ of the duty – the *ad valorem* duty (.... %).
- Agricultural protection is ensured by the ‘**agricultural element of the duty**’ – the agricultural element (based on the composition of the goods - EA) or a specific duty (based on import quantities of PAPs).



## 5. Exports from the EU (a)

- The amount of export refund payable in respect of eligible goods is dependent on the quantity of eligible basic agricultural products in those goods.
- The amount of refund payable is calculated by multiplying the quantity of each basic product that is incorporated into the goods by the relevant export refund rate applying to that basic product on the date of export.



## 5. Exports from the EU (b)

- Council Regulations setting up the Common Market Organizations for sugar, milk, cereals, rice, eggs all have Annexes listing NAI goods on which export refunds may be paid.
- Agricultural products (basic products) on which NAI export refunds are payable are listed in Annex I of Reg.1043/2005 while the goods on which refund is payable are listed in Annex II.





## 5. Exports from the EU (c)

- Operators of export refunds must declare the quantities of basic products (i.e. milk products, sugar, cereals and rice, eggs) which have actually been used in the manufacture of the goods being exported.
- The used quantities are normally declared in recipes, which are regularly checked by the competent national authorities.



## 5. Exports from the EU (d)

- WTO commitments limit the EU to €415 million p.a. in refunds.
- The available budget is managed by Refund Certificates (export licenses based on the amount of export refunds).
- Small exporters (not more than 75.000 € export refund per year) are exempted from the obligation to hold a Refund Certificate.



# 6. Preferential scheme

- EU has preferential trade agreements with many countries / regions all over the world, which often include special arrangements for PAPs.
- Preferential duties may consist of:
  - Reduced or eliminated ad valorem duties
  - Reduced or eliminated agricultural elements (EA)

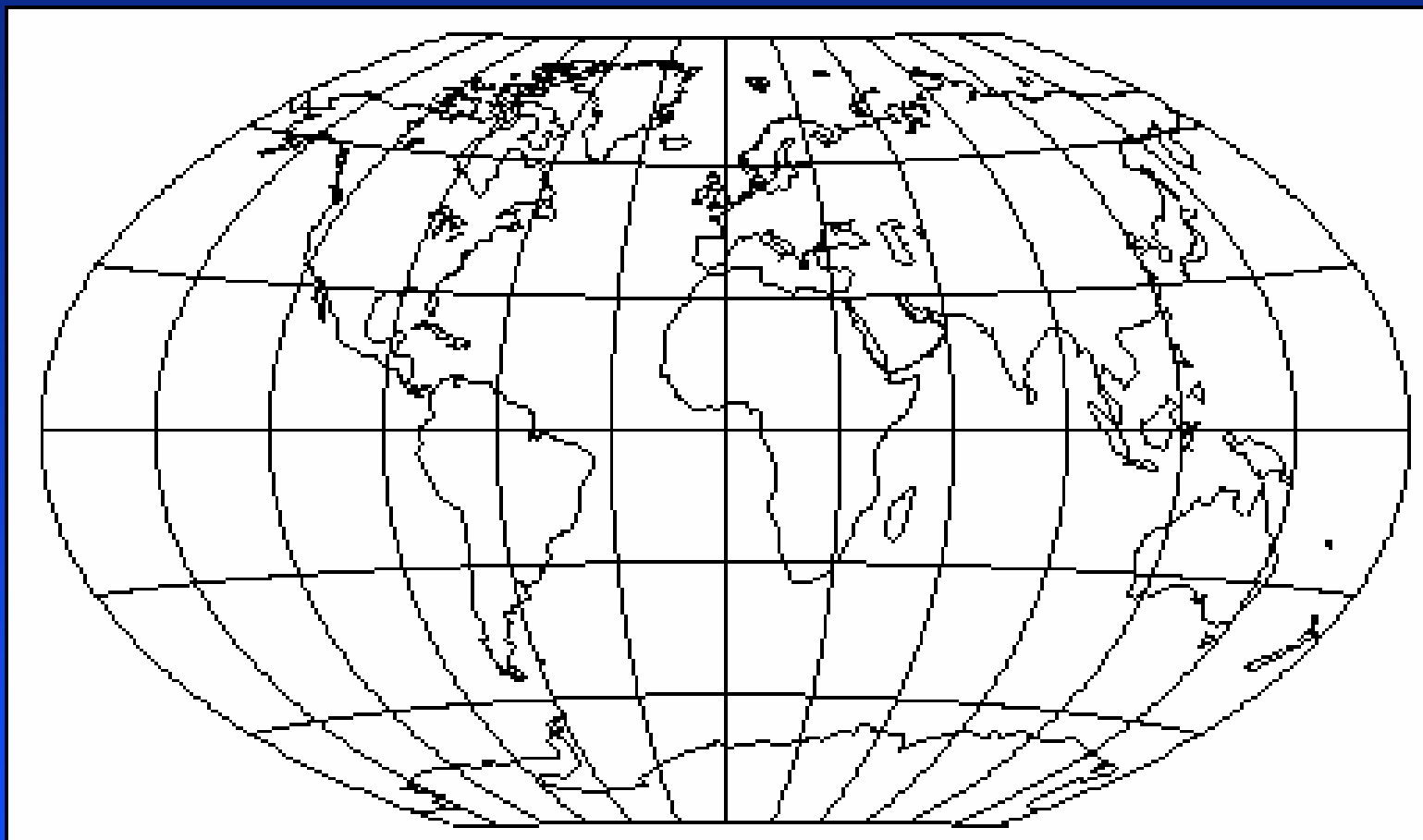


## 6. Preferential scheme

- The common implementing rules for preferential trade are set out by Regulation (EC) No 1460/96.
- Article 10 of Reg. (EC) No 3448/93 gives the rules to be applied in case of safeguard measures (procedure to be followed) linked with reduced agricultural components.
- Methods of analysis are established by Commission Regulation (EEC) No 4154/87, which is part of the custom legislation.



# Unit F4...



*...thanks you for your attention.*

