

# Procedure file

Basic information	
CNS - Consultation procedure Regulation	1999/0111(CNS) Procedure completed
Community law: application to the Canary Islands (amend. Regulation (EEC) No 1911/91)	
Subject 2.60.02 Dumping, monopolies 4.70.06 Outlying and outermost regions, overseas countries and territories	
Geographical area Spain	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>JURI</b> Legal Affairs and Internal Market		23/09/1999
		PSE <a href="#">MEDINA ORTEGA Manuel</a>	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ITRE</b> Industry, External Trade, Research, Energy	The committee decided not to give an opinion.	
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
	Council configuration	Meeting	Date
	<a href="#">Environment</a>	<a href="#">2235</a>	13/12/1999

Key events			
03/06/1999	Legislative proposal published	COM(1999)0226	Summary
13/09/1999	Committee referral announced in Parliament		
09/11/1999	Vote in committee		Summary
09/11/1999	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0053/1999</a>	
19/11/1999	Decision by Parliament	<a href="#">T5-0125/1999</a>	Summary
13/12/1999	Act adopted by Council after consultation of Parliament		
13/12/1999	End of procedure in Parliament		
18/12/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1999/0111(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty of Accession ES, PT I 025
Stage reached in procedure	Procedure completed
Committee dossier	JURI/5/12058

Documentation gateway					
Legislative proposal		<a href="#">COM(1999)0226</a> <a href="#">OJ C 274 28.09.1999, p. 0008 E</a>	03/06/1999	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES0850/1999</a> <a href="#">OJ C 329 17.11.1999, p. 0027</a>	22/09/1999	ESC	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A5-0053/1999</a> <a href="#">OJ C 189 07.07.2000, p. 0005</a>	09/11/1999	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T5-0125/1999</a> <a href="#">OJ C 189 07.07.2000, p. 0250-0272</a>	19/11/1999	EP	Summary

Additional information	
European Commission	<a href="#">EUR-Lex</a>

Final act
<a href="#">Regulation 1999/2674</a> <a href="#">OJ L 326 18.12.1999, p. 0003</a> Summary

## Community law: application to the Canary Islands (amend. Regulation (EEC) No 1911/91)

**PURPOSE:** suspending the phasing out of the APIM ('arbitrio sobre la produccion y sobre las importaciones) tax for a number of sensitive products in the Canary Islands. **CONTENT:** Under Art. 5(1) of Council Regulation 1911/EEC of 26 June 1991, the tax on production and imports is no longer to be applied in the Canary Islands after 31.12.2000. In accordance with that Regulation and with Commission Decision 96/34/EC, the Spanish Government has accordingly taken the necessary measures to gradually reduce the tax, by 20% per year starting from 31 December 1996, with a view to eliminating it completely on 31.12.2000. The Canary Islands are at the same time being integrated into the Community's customs territory and customs duties are being phased in so as to apply fully from 01.01.2001. The economic repercussions, particularly in terms of employment, of elimination of the APIM prompted the Spanish Government to submit, in December 1996, a request for extension. The report drawn up by the Commission in 1995 which examined the impact of the tax on the local economy and the consequences of its elimination, already found that certain sectors would be heavily affected by its disappearance. In addition to the sectors identified in the Commission report, the Spanish authorities have requested that a phasing-out of the A APIM be suspended in other areas in the economy also. All the sectors have been examined by the Commission and the Spanish authorities and it was concluded that the following sectors will particularly sensitive : - chemicals, which in the new classification used by Spain includes some of the products examined under the heading of mining in the Commission report; - paper; - miscellaneous foodstuffs; and - tobacco. The Commission acknowledges that elimination of the APIM, as provided for by Regulation 1911/91/EEC, could have adverse effects on the Canary Islands economy, contrary to the aims of that instrument, which are to integrate the region gradually into the Community and to overcome the economic disadvantages due to its situation. It should also be borne in mind that Regulation 1911/91/EEC provides for the elimination of the APIM. Any measure derogating from the principles laid down in the Regulation must therefore form part of the process of integrating the Canary Islands into the Community and can only be aimed at mitigating the effects of the economic adjustments that will have to take place, without jeopardising the ultimate objective of doing away with the APIM altogether and applying the Common Customs Tariff. This proposal, therefore, which is confined to suspending until 30.06.2000 the phasing out of the APIM for a very small number of sensitive products, will provide an initial response to the difficulties encountered by businesses in the Canary Islands. Nevertheless, since the APIM is to disappear on 31 December 2000, the Commission will have to examine before that date the impact of phasing out the tax on the sectors concerned, and, more particularly, on the products covered by this measure. In the light of the findings of that study, which will be conducted in cooperation with the Spanish authorities, it will, if necessary, present to the Council a proposal for maintaining special measures in favour of the sectors concerned so as to achieve the objective of eliminating the tax without jeopardising the existence of certain local production activities that are particularly vulnerable. The

Commission stresses that the proposed measure will have very limited consequences as regards distortion of competition, since it will only apply to some 10% (in value terms) of total imports into the Canary Islands and will be confined to goods for which the maintenance of local production in the region is desirable.?

## Community law: application to the Canary Islands (amend. Regulation (EEC) No 1911/91)

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The committee adopted a report by Mr Manuel MEDINA ORTEGA (PES, E) approving the Commission proposal to suspend the phasing-out of the special APIM tax on imports to the Canaries for a very small number of products. The committee, however, considered it more appropriate to suspend the phasing-out of the APIM completely, and not just for selected products. It stressed that such a suspension was logical in the light of the new Treaty provisions on the outermost regions of the EU, and concluded that it was reasonable to extend the validity of the APIM pending the adoption of new rules and arrangements for the outermost regions as provided for in Article 299 of the Amsterdam Treaty.

## Community law: application to the Canary Islands (amend. Regulation (EEC) No 1911/91)

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Adopting the report by Mr Manuel Medina Ortega (PSE, E) on the application of Community law to the Canary Islands, the European Parliament approves the proposal but believes that the phasing-out of the arbitrio tax on production and imports (APIM) should be completely suspended instead of being limited to particular products, given the new Treaty provisions on the subject. It is therefore necessary to extend the lifetime of APIM pending the conclusion of new agreements and the adoption of new rules applying to the outermost regions, as provided for in the Treaty of Amsterdam (Article 299(2) of the amended EC Treaty), and to provide for a special fiscal regime for the period after 31 December 2000. Parliament also insists that this future tax must guarantee the harmonious development of the Canary Islands. In conclusion, Parliament asks the Commission to examine, together with the Spanish authorities and before 30 June 2000, the extent to which APIM has been eliminated in the relevant sectors of the Canary Islands' economy and to propose to the Council that the Spanish authorities be allowed to authorise a new tax, similar to APIM in structure and operation but not incorporated into the process of integrating the Canary Islands, for sensitive products used in local activities in order to ensure that these activities are developed and preserved. Accordingly, Parliament has also put forward significant amendments concerning the annex to the proposal. ?

## Community law: application to the Canary Islands (amend. Regulation (EEC) No 1911/91)

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PURPOSE : to suspend the phasing-out of tax on certain sensitive products in the Canary Islands until 30.06.2000. COMMUNITY MEASURE : Council Regulation 2674/1999/EC amending Regulation 1911/91/EEC on the application of the provisions of Community law to the Canary Islands. CONTENT : this Regulation aims to suspend the phasing-out of the APIM ('arbitrio sobre la produccion y sobre las importaciones' - a temporary tax intended to enable local production to adjust to the requirements of the single market through a system of exemptions from the common customs tariff) for a very limited number of sensitive products until 30.06.2000. The APIM Regulation (1911/91/EEC) provides that the Spanish authorities gradually reduce this tax until it is finally phased out on 31.12.2000. However, the impact on certain sectors of phasing-out this tax (e.g.: the complete disappearance of jobs in the textile industry) has encouraged the Spanish authorities to ask for an extension of the APIM for certain products. The delay in the phasing-out of the tax will essentially affect products from the following sectors : miscellaneous foodstuffs ; tobacco ; chemicals ; paper ; textiles ; metalworking industries and other manufactured goods. It is worth noting that the Commission will examine, before 31.12.2000, the impact of suspending the phasing out of the tax on the sectors concerned and will, if necessary, present to the Council a proposal concerning the measures to be taken under the Treaty to avoid jeopardising the existence of certain local production activities that are particularly vulnerable, whilst still ultimately achieving the objective of eliminating the tax. ENTRY INTO FORCE : 18.12.1999.?