

Procedure file

Basic information	
CNS - Consultation procedure Decision	2014/0093(CNS) Procedure completed
AIEM tax applicable in the Canary Islands in 2014-2020	
Subject 2.70.02 Indirect taxation, VAT, excise duties 4.70.06 Outlying and outermost regions, overseas countries and territories	
Geographical area Spain	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	REGI Regional Development		01/04/2014
		PPE HÜBNER Danuta Maria	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	PECH Fisheries	The committee decided not to give an opinion.	
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
European Commission	Council configuration	Meeting	Date
	Environment	3320	12/06/2014
European Commission	Commission DG	Commissioner	
	Taxation and Customs Union	ŠEMETA Algirdas	

Key events			
17/03/2014	Legislative proposal published	COM(2014)0171	Summary
01/04/2014	Vote in committee		
02/04/2014	Committee referral announced in Parliament		
02/04/2014	Committee report tabled for plenary, 1st reading/single reading	A7-0263/2014	Summary
16/04/2014	Results of vote in Parliament		
16/04/2014	Decision by Parliament	T7-0406/2014	Summary
12/06/2014	Act adopted by Council after consultation of Parliament		
12/06/2014	End of procedure in Parliament		
21/06/2014	Final act published in Official Journal		

Technical information	
Procedure reference	2014/0093(CNS)

Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	Treaty on the Functioning of the EU TFEU 349-p1sub1-as1
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	REGI/7/15503

Documentation gateway

Legislative proposal		COM(2014)0171	17/03/2014	EC	Summary
Committee draft report		PE532.299	24/03/2014	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0263/2014	02/04/2014	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0406/2014	16/04/2014	EP	Summary
Follow-up document		COM(2019)0116	28/02/2019	EC	Summary

Additional information

European Commission	EUR-Lex
---------------------	-------------------------

Final act

[Decision 2014/377](#)
[OJ L 182 21.06.2014, p. 0004](#) Summary

AIEM tax applicable in the Canary Islands in 2014-2020

PURPOSE: to authorise Spain to apply exemptions from or reductions in the Arbitrio sobre Importaciones y Entregas de Mercancías en las Islas Canarias (AIEM) to certain products produced locally in the Canary Islands.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Council Decision 2002/546/EC authorised Spain, up to 30 June 2014, to apply exemptions from or reductions in the AIEM to certain products produced locally in the Canary Islands. The Annex to that Decision contains a list of products to which tax exemptions and reductions may be applied. The difference between the taxation of locally manufactured products and the taxation of other products may not exceed 5, 15 or 25 percentage points, depending on the product.

The specific measures covered by Decision 2002/546/EC were designed to strengthen local industry by making it more competitive bearing in mind taking into account the remoteness, insularity, the predominance of tourism and the small share of industry in the Canary Islands GDP.

Council Decision 895/2011/EU amended Decision 2002/546/EC, extending its period of application up to 31 December 2013.

On 4 March 2013, the Spanish authorities requested the Commission to prepare a Council Decision authorising Spain to apply exemptions from or reductions in the AIEM to certain products produced locally in the Canary Islands for the period 2014-2020, modifying the list of products and the maximum rates applicable to some of them.

On 28 June 2013 the Commission adopted new regional aid guidelines for the period 2014-2020. Considering that these Guidelines will enter into force on 1 July 2014, it seemed justified to extend the period of application of Decision 2002/546/EC, as amended by Decision 895/2011/EU, for six months, so that its expiry date coincides with the expiry date of the current Guidelines.

The analysis of the request received from the Spanish authorities confirms that the special characteristics of the Canary Islands restrain their development and are responsible for additional costs for the operators situated there. The Commission feels that it is therefore justified to maintain the exemption of the AIEM to a list of locally produced industrial products.

CONTENT : the draft decision authorises the Spanish authorities, until 31 December 2020, to lay down, in respect of products listed in the Annex that are produced locally in the Canary

Islands, total exemptions from or partial reductions of the tax known as AIEM. These exemptions must form part of the strategy for economic and social development of the Canary Islands and contribute to the promotion of local activities. On this basis, the Commission shall present a full analysis of the economic and social aspects and where appropriate a proposal for adapting the provisions of the Decision.

This derogation will last for six and a half years (from 1 July 2014 to 31 December 2020). Accordingly, the Spanish authorities shall present to the Commission at the latest by 30 September 2017 a report on the application of these arrangements, in order to check the impact of the measures taken and their contribution to the promotion or maintenance of local economic activities, account being taken of handicaps affecting the outermost regions.

On this basis, the scope and the exemptions authorised under Community rules will be revised if necessary.

AIEM tax applicable in the Canary Islands in 2014-2020

The Committee on Regional Development adopted, in the framework of a special legislative procedure (Parliament consultation), the report by Danuta Maria HÜBNER (EPP, PL) on the proposal for a Council decision on the AIEM tax applicable in the Canary Islands.

To recall, Council Decision 2002/546/EC authorises Spain, up to 30 June 2014, to apply exemptions from or reductions in the Arbitrio sobre Importaciones y Entregas de Mercancías en las Islas Canarias (AIEM) to a number of products produced locally in the Canary Islands, in order to enhance competitiveness and to compensate for the additional costs of production due to isolation, raw material and energy dependence, the obligation to build up stocks, the small size of the local market and the low level of export activity.

On 4 March 2013, Spain requested the Commission to prepare a Council Decision authorising Spain to apply exemptions from or reductions in the AIEM to certain products produced locally in the Canary Islands for the period 2014-2020, modifying the list of products and the maximum rates applicable to some of them.

The Commission found that it is justified to maintain the exemption of the AIEM to a list of locally produced industrial products.

Given that this measure is intended at continuing to stimulate economic activity and competitiveness in an outermost region, without distorting the legal order of the Union, the committee proposed to that this proposal be adopted without amendment.

AIEM tax applicable in the Canary Islands in 2014-2020

The European Parliament adopted by 591 votes to 64, with 15 abstentions, in the framework of a special legislative procedure (Parliaments consultation), a legislative resolution on the proposal for a Council decision on the AIEM tax applicable in the Canary Islands.

Following its Committee on Regional Development, Parliament approved the Commission proposal which seeks to authorise the Spanish authorities to apply, until 31 December 2020, to certain products produced locally in the Canary Islands, exemptions from or reductions to the AIEM. These reductions should be included in the economic and social development strategy of the Canary Islands and contribute to promoting local activities.

AIEM tax applicable in the Canary Islands in 2014-2020

PURPOSE: to authorise Spain to apply exemptions from or reductions in the Arbitrio sobre Importaciones y Entregas de Mercancías en las Islas Canarias (AIEM) to certain products produced locally in the Canary Islands.

LEGISLATIVE ACT: Council Decision No 377/2014/EU on the AIEM tax applicable in the Canary Islands.

CONTENT: the decision authorises Spain, until 31 December 2020, to apply exemptions from or reductions in the Arbitrio sobre las Importaciones y Entregas de Mercancías en las Islas Canarias (AIEM) to certain products produced locally in the Canary Islands.

The application of the total exemptions or the reductions may not lead to differences between the taxation of locally manufactured products and the taxation of other products that exceed 5, 15 or 25 percentage points, depending on the product.

These exemptions are intended to help Canary Islands to compensate for the natural handicaps they face, which result in higher production costs, as well as the limited size of the market. As part of the economic and social development strategy of the Canary Islands, they should help to maintain, create and develop local production.

The Spanish authorities should present to the Commission by 30 September 2017 at the latest a report on the application of the AIEM tax exemptions or reductions, in order to check the impact of the measures taken and their contribution to promoting or maintaining local economic activities, account being taken of the handicaps affecting the outermost regions. On this basis, the scope and the exemptions authorised under Union rules will be revised, if necessary.

ENTRY INTO FORCE: the decision is applicable from 1 July 2014.

AIEM tax applicable in the Canary Islands in 2014-2020

In accordance with Article 2 of the Council Decision 377/2014/EU on the Arbitrio sobre las Importaciones y Entregas de Mercancías en las islas Canarias (AIEM) tax applicable in the Canary Islands, the Commission is required to present a report comprising an analysis of the economic and social aspects of the application of those special arrangements concerning the AIEM tax for the period from 1 July 2014 to the end of 2016.

The report noted that the special measures introduced by Council Decision 377/2014/EU of 12 June 2014 have positive effects on the

economic and social environment of the Islands. The AIEM measures applied in the Canary Islands are necessary and proportionate to the objectives set by the Decision. The handicaps affecting the archipelago (notably remoteness, small size and fragmentation of the local market) are still present and result in additional costs, which are not overcompensated by the application of the allowed exemptions to specified AIEM products.

Despite the economic slowdown due to the financial crisis, it appears that the domestic economy started to recover as from 2014, also thanks to the positive effects of the AIEM measures. The report noted that the services sector, which accounts for the greatest share of the Canary Islands economy, performed favourably from 2014 onwards.

The average rates applied to imports of products subject to the AIEM, with the exception of tobacco products, are approximately 7 % (7.1 % in 2016). This indicates that the average rates in the new period during which the AIEM is in force are, in general, similar to the average rates of the previous period (7.2%), and therefore there is no change in the burden imposed by this charge.

The local industry remains highly vulnerable and requires measures to safeguard a sector that is highly strategic, generates wealth and stability and has the capacity to ensure the supply of goods to the market in the event of problems with external supply.

Data presented in the mid-term report of the Canary Island is not sufficient to do a full analysis of the economic and social aspects, so the conclusion is partially based on the statements of the report, which cannot always be verified.

The Commission has not received any complaint on a possible negative impact of the AIEM measures on the functioning of the Internal Market. A possible reduction or elimination of the protection granted through the AIEM scheme could prove detrimental for the local industry and in general the economic and social development of the Canaries.

In the light of the above, the Commission concluded that the AIEM measures currently in place, in accordance with Council Decision 377/2014/EU of 12 June 2014, are still justified and proportionate. Furthermore, the Commission believes that no proposal to adapt the existing provisions of the Decision is required.