COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 5.10.2006
COM(2006) 580 final

2006/0185 (ACC)

Proposal for a

COUNCIL DECISION

relating to the conclusion of the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Iceland concerning trade preferences in agricultural products undertaken on the basis of Article 19 of the Agreement on the European Economic Area

(presented by the Commission)

EXPLANATORY MEMORANDUM

(1) Article 19 of the Agreement on the European Economic Area states that Parties undertake to continue their efforts with a view to achieving progressive liberalisation of agriculture trade and that Parties will decide, within the framework of this agreement, on a preferential, bilateral or multilateral, reciprocal and mutually beneficial basis, on further reductions of any type of barriers to trade in the agricultural sector.

(2) The agreement in the form of an exchange of letters between the European Community and the Republic of Iceland is the result of the bilateral trade negotiations in agriculture, which took place from 6 March 2005 to 18 November 2005.

(3) This arrangement consolidates concessions already in place[1] with new concessions for a variety of agricultural products. The entry into force of these bilateral concessions is foreseen on 1 January 2007.

(4) The Commission therefore proposes that the Council adopt the proposal for a decision on the conclusion of this agreement in the form of an exchange of letters as set out in the Annex.

Financial impact: the loss of the custom revenues is estimated at EUR 0,2 million per year.

[1] Council Decision 81/359/EEC of 28 April 1981 (OJ L 137, 23.5.1981, p. 8),
Council Decision 93/239/EEC of 15 March 1993 (OJ L 109, 1.5.1993, p. 1),
Council Decision 93/736/EC of 13 December 1993 (OJ L 346, 31.12.1993, p. 16),
Council Decision 95/582/EC of 20 December 1995 (OJ L 327, 30.12.1995, p. 17).

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof, in conjunction with the first sentence of Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) Article 19 of the Agreement on the European Economic Area (EEA) foresees that the Contracting Parties undertake to continue their efforts with a view to achieving progressive liberalisation of agricultural trade between them.

(2) The European Community and the Republic of Iceland held bilateral trade negotiations in agriculture in 2005, on the basis of Article 19 of the Agreement on the European Economic Area, which were concluded satisfactorily on 18 November 2005.

(3) The Agreement in question, in the form of an Exchange of Letters, should be approved,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an Exchange of Letters between the European Community and the Republic of Iceland concerning additional trade preferences in agricultural products undertaken on the basis of Article 19 of the Agreement on the European Economic Area, is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Agreement in order to bind the Community.

Done at Brussels,

For the Council
The President

ANNEX

AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

between the European Community and the Republic of Iceland concerning additional trade preferences in agricultural products undertaken on the basis of Article 19 of the Agreement on the European Economic Area

A. Letter from the European Community

Sir,

I have the honour to refer to the trade negotiations between the European Community and the Republic of Iceland on agricultural products, held from 6 March 2005 to 18 November 2005, undertaken on the basis of Article 19 of the Agreement on the European Economic Area.

With the aim of fostering a harmonious development of trade between Parties, the European Community and the Republic of Iceland have agreed to additional bilateral trade preferences concerning agricultural products, with due consideration to the respective agricultural policies and circumstances, including the evolution of the bilateral trade and trade with other partners.

I hereby confirm that the results of the negotiations were as follows:

1. From 1 January 2007, the European Community and the Republic of Iceland will reciprocally consolidate at bilateral level the existing zero duty lines, be it applied duties or existing concessions, and, if not already at zero level, to reciprocally eliminate duties on bilateral imports, for all products originating in the parties, which are listed in Annex I.

2. From 1 January 2007, the European Community will provide tariff quotas on imports into the Community of products originating in Iceland, which are listed in Annex II.

3. From 1 January 2007, the Republic of Iceland will provide tariff quotas on imports into Iceland of products originating in the Community, which are listed in Annex III.

   These bilateral concessions replace and consolidate all existing bilateral concessions in agricultural products that are currently in force, in application of Article 19 of the Agreement on the European Economic Area[2].

4. The Republic of Iceland agrees to end its unilateral and temporary *erga omnes* reductions in applied tariffs on agricultural products put in place in 2002 and prolonged so far on a yearly basis.

5. The provisions of Protocol 3 to the Agreement between the European Economic Community and the Republic of Iceland[3] concerning the definition of the concept of

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[2] Council Decision 81/359/EEC of 28 April 1981 (OJ L 137, 23.5.1981, p. 8)
Council Decision 93/239/EEC of 15 March 1993 (OJ L 109, 1.5.1993, p. 1)
Council Decision 93/736/EC of 13 December 1993 (OJ L 346, 31.12.1993, p. 16)
Council Decision 95/582/EC of 20 December 1995 (OJ L 327, 30.12.1995, p. 17).

[3] Decision No 2/2005 of the EC/Iceland Joint Committee of 22 December 2005 (OJ L 131, 18.5.2006, p. 1).

"originating products" and methods of co-operation shall apply *mutatis mutandis* to the products mentioned in Annexes I, II and III.

6. The Parties will take steps to ensure that the benefits, which they grant each other, will not be jeopardised by other restrictive import measures.

7. The Parties agree to take the necessary steps in order to ensure that tariff quotas will be managed in such a way that imports may take place regularly and that the quantities agreed for import can effectively be imported. The Parties will manage the tariff quotas listed in Annexes II and III on a first come first served basis or by using other equivalent methods.

8. The Parties agree to strive for promoting trade of eco-friendly products and products with a geographical indication. The Parties agree to engage into further bilateral discussion with a view to better understand respective legislation and registration procedures, in order to identify ways to enhance the protection of geographical indications in the territories of both Parties.

9. The Parties agree to exchange at regular interval information on traded products, tariff quota management, price quotations and any useful information concerning the respective domestic markets and the implementation of the results of these negotiations.

10. Consultations will be held at the request of either party on any question relating to the implementation of the results of these negotiations. In case of difficulty in the implementation of the results of these negotiations, these consultations will be held as promptly as possible, with a view to the adoption of appropriate corrective measures.

11. The first consultations relating to the results of these negotiations will be held before that implementing arrangements are put in place, with a view to facilitate the smooth implementation of these negotiations.

12. The results of these negotiations will be implemented as from 1 January 2007. Where necessary, tariff quotas will be opened on a pro-rata basis.

13. The Parties agree to resume bilateral negotiations in the framework of Article 19 of the Agreement on the European Economic Area in two years time, with particular consideration to the outcome of the WTO negotiation process in agriculture.

I have the honour to confirm that the European Community is in agreement with the contents of this letter.

I should be obliged if you would confirm that the Government of the Republic of Iceland is in agreement with the above.

Please accept, Sir, the assurance of my highest consideration.

Done at Brussels,

On behalf of the Council of the European Union

B. Letter from the Republic of Iceland

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'I have the honour to refer to the trade negotiations between the Republic of Iceland and the European Community on agricultural products, held from 6 March 2005 to 18 November 2005, undertaken on the basis of Article 19 of the Agreement on the European Economic Area.

With the aim of fostering a harmonious development of trade between Parties, the Republic of Iceland and the European Community have agreed to additional bilateral trade preferences concerning agricultural products, with due consideration to the respective agricultural policies and circumstances, including the evolution of the bilateral trade and trade with other partners.

I hereby confirm that the results of the negotiations were as follows:

1. From 1 January 2007, the European Community and the Republic of Iceland will reciprocally consolidate at bilateral level the existing zero duty lines, be it applied duties or existing concessions, and, if not already at zero level, to reciprocally eliminate duties on bilateral imports, for all products originating in the parties, which are listed in Annex I.

2. From 1 January 2007, the European Community will provide tariff quotas on imports into the Community of products originating in Iceland, which are listed in Annex II.

3. From 1 January 2007, the Republic of Iceland will provide tariff quotas on imports into Iceland of products originating in the Community, which are listed in Annex III.

   These bilateral concessions replace and consolidate all existing bilateral concessions in agricultural products that are currently in force, in application of Article 19 of the Agreement on the European Economic Area[4].

4. The Republic of Iceland agrees to end its unilateral and temporary *erga omnes* reductions in applied tariffs on agricultural products put in place in 2002 and prolonged so far on a yearly basis.

5. The provisions of Protocol 3 to the Agreement between the European Economic Community and the Republic of Iceland[5] concerning the definition of the concept of "originating products" and methods of co-operation shall apply *mutatis mutandis* to the products mentioned in Annexes I, II and III.

6. The Parties will take steps to ensure that the benefits, which they grant each other, will not be jeopardised by other restrictive import measures.

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[4] Council Decision 81/359/EEC of 28 April 1981 (OJ L 137, 23.5.1981, p. 8),
Council Decision 93/239/EEC of 15 March 1993 (OJ L 109, 1.5.1993, p. 1),
Council Decision 93/736/EC of 13 December 1993 (OJ L 346, 31.12.1993, p. 16),
Council Decision 95/582/EC of 20 December 1995 (OJ L 327, 30.12.1995, p. 17).

[5] Decision No 2/2005 of the EC/Iceland Joint Committee of 22 December 2005 (OJ L 131, 18.5.2006, p. 1).

7. The Parties agree to take the necessary steps in order to ensure that tariff quotas will be managed in such a way that imports may take place regularly and that the quantities agreed for import can effectively be imported. The Parties will manage the tariff quotas listed in Annexes II and III on a first come first served basis or by using other equivalent methods.

8. The Parties agree to strive for promoting trade of eco-friendly products and products with a geographical indication. The Parties agree to engage into further bilateral discussion with a view to better understand respective legislation and registration procedures, in order to identify ways to enhance the protection of geographical indications in the territories of both Parties.

9. The Parties agree to exchange at regular interval information on traded products, tariff quota management, price quotations and any useful information concerning the respective domestic markets and the implementation of the results of these negotiations.

10. Consultations will be held at the request of either party on any question relating to the implementation of the results of these negotiations. In case of difficulty in the implementation of the results of these negotiations, these consultations will be held as promptly as possible, with a view to the adoption of appropriate corrective measures.

11. The first consultations relating to the results of these negotiations will be held before that implementing arrangements are put in place, with a view to facilitate the smooth implementation of these negotiations.

12. The results of these negotiations will be implemented as from 1 January 2007. Where necessary, tariff quotas will be opened on a pro-rata basis.

13. The Parties agree to resume bilateral negotiations in the framework of Article 19 of the Agreement on the European Economic Area in two years time, with particular consideration to the outcome of the WTO negotiation process in agriculture.

I have the honour to confirm that the Government of the Republic of Iceland is in agreement with the content of your letter.'

Please accept, Sir, the assurance of my highest consideration,

Done at Reykjavik

For the Government of the Republic of Iceland

ANNEX I

Bilateral trade in products of the following chapters or parts of chapters is freed:

ex Chapter 1, Live animals:			
Icelandic code	Icelandic description of products	EC code	EC description of products
0101	Live horses, asses, mules and hinnies	0101	Live horses, asses, mules and hinnies
ex Chapter 2, Meat and edible meat offal:			
Icelandic code	Icelandic description of products	EC code	EC description of products
ex 0208.9008	carcasses and half-carcasses of reindeer meat, frozen	ex 0208 90 60	carcasses and half-carcasses of reindeer meat, frozen
ex Chapter 4, Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included:			
Icelandic code	Icelandic description of products	EC code	EC description of products
0409	Natural honey	0409 00 00	Natural honey
0410	Edible products of animal origin, not elsewhere specified or included	0410 00 00	Edible products of animal origin, not elsewhere specified or included
Chapter 5 [6], Products of animal origin, not elsewhere specified or included			
ex Chapter 6, Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage:			
Icelandic code	Icelandic description of products	EC code	EC description of products
0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of heading 1212	0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of heading 1212
ex 0602	Other live plants (including their roots), cuttings and slips; mushroom spawn: - Other than other potted indoor plants not exceeding 1 m in height (tariff heading 0602.9095)	ex 0602 ex 0602 90 91 ex 0602 90 99	Other live plants (including their roots), cuttings and slips; mushroom spawn: Other indoor plants, other than cacti and thickleaves, potted plants of the genus *Bromelia*, the plants *Erica gracilis* and *calluna*, orchids and other potted plants not exceeding 1 m in height
ex 0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared:	ex 0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared:

[6] *Other than products covered by Protocol 3 of the European Economic Area agreement.*

0603.1001	-- Imported from 1 December to 30 April	ex 0603 10 20	Carnations, fresh, other than imported from 1 May – 30 November
0603.1003	- Of the genera *Protea*, *Banksis*, *Leucadendron* and *Brunia*	0603 10 30	Orchids
		ex 0603 10 80	Fresh flowers of the genera *Protea*, *Banksia*, *Leucadendron*, *Brunia* and *Forsythia*
0603.1004	- Cut branches with berries or fruit on, not edible, of the genera: *Ligustrum*, *Callicarpa*, *Gossypium*, *Hypericum*, *Ilex* or *Symphoricarpos*		
0603.1005	- Flowers of Orchids		
0603.1006	- Forsythia		
0603.9000	- Other	0603 90 00	Other
0604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dries, dyed, bleached, impregnated or otherwise prepared	0604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared
ex Chapter 7, Edible vegetables and certain roots and tubers:			
Icelandic code	Icelandic description of products	EC code	EC description of products
0702	Tomatoes, fresh or chilled	0702 00 00	Tomatoes, fresh or chilled
ex 0703	Onions, shallots, garlic and other alliaceous vegetables, fresh or chilled	ex 0703	Onions, shallots, garlic and other alliaceous vegetables, fresh or chilled
ex 0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled:	ex 0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled:
0704.2000	- Brussels sprouts	0704 20 00	Brussels sprouts
0704.9005	-- Curly kale (*brassica oleracea acepjala*)	ex 0704 90 90	Other, excluding Chinese cabbage
0704.9009	-- Other		
0705	Lettuce(*lactuca sativa*) and chicory (*Cichorium* spp.), fresh or chilled	0705	Lettuce (*Lactuca sativa*) and chicory (*Cichorium* spp.), fresh or chilled
ex 0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled:	ex 0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled:
0706.9009	- Other	0706 90	Other
0707	Cucumbers and gherkins, fresh or chilled	0707	Cucumbers and gherkins, fresh or chilled
0708	Leguminous vegetables, shelled or unshelled, fresh or chilled	0708	Leguminous vegetables, shelled or unshelled, fresh or chilled

ex 0709	Other vegetables, fresh or chilled:	ex 0709	Other vegetables, fresh or chilled:
0709.10	- Globe artichokes, fresh or chilled	0709 10 00	Globe artichokes
0709.20	- Asparagus, fresh or chilled	0709 20 00	Asparagus
0709.30	- Aubergines (eggplants)	0709 30 00	Aubergines (eggplants)
0709.52	-- Truffles, fresh or chilled	0709 52 00	Truffles
0709.60	- Fruits of the genus *Capsicum* or of the genus *Pimenta*	0709 60	Fruits of the genus *Capsicum* or of the genus *Pimenta*
0709.70	- Spinach, N-Z spinach and orache spinach garden spinach), fresh or chilled	0709 70 00	Spinach, New Zealand spinach and orache spinach (garden spinach)
0709.9001	-- Sweet corn	0709 90 60	Sweet corn
0709.9002	-- Courgettes	0709 90 70	Courgettes
0709.9003	-- Olives		Olives:
		0709 90 31	− For uses other than the production of oil
		0709 90 39	− Other
0709.9004	-- Parsley (percille)	0709 90 90	
0709.9009	-- Other		Other
ex 0710[7]	Vegetables (uncooked or cooked y steaming or boiling in water), frozen:	ex 0710[8]	Vegetables (uncooked or cooked by steaming or boiling in water), frozen:
	Other than potatoes	0710 21 00	Peas (*Pisum sativum*)
		0710 22 00	Beans (*Vigna spp*., *Phaseolus spp*.)
		0710 29 00	Other
		0710 30 00	Spinach, New Zealand spinach and orache spinach (garden spinach)
		0710 40 00	Sweetcorn
		0710 80	Other vegetables
		0710 90 00	Mixtures of vegetables
0711[9]	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	0711[10]	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption
0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared
0713	Dried leguminous vegetables, shelled, whether or not skinned or split	0713	Dried leguminous vegetables, shelled, whether or not skinned or split

[7] Other than products covered by Protocol 3 of the European Economic Area agreement.
[8] Other than products covered by Protocol 3 of the European Economic Area agreement.
[9] Other than products covered by Protocol 3 of the European Economic Area agreement.
[10] Other than products covered by Protocol 3 of the European Economic Area agreement.

0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith
Chapter 8, Edible fruit and nuts; peel of citrus fruit or melons			
Chapter 9[11], Coffee, tea, maté and spices			
Chapter 10[12], Cereals			
Chapter 11[13], Products of the milling industry; malt; starches; inulin; wheat gluten			
Chapter 12[14], Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder			
Chapter 13[15], Lac; gums, resins and other vegetable saps and extracts			
Chapter 14[16], Vegetable plaiting materials; vegetable products not elsewhere specified or included			
Chapter 15 [17] [18], Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes			
ex Chapter 18[19], Cocoa and cocoa preparations:			
Icelandic code	Icelandic description of products	EC code	EC description of products
1801	Cocoa beans, whole or broken, raw or roasted	1801	Cocoa beans, whole or broken, raw or roasted
1802	Cocoa shells, husks, skins and other cocoa waste	1802	Cocoa shells, husks, skins and other cocoa waste
ex Chapter 20, Preparations of vegetables, fruit, nuts or other parts of plants:			
Icelandic code	Icelandic description of products	EC code	EC description of products
ex 2001[20]	Vegetable, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid:	ex 2001[21]	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid:
2001.1000	- Cucumbers and gherkins	2001 10 00	Cucumbers and gherkins
	- Other	2001 90	Other
2001.9005	-- Onion	2001 90 93	Onions

11 Other than products covered by Protocol 3 of the European Economic Area agreement.
12 Other than for animal feeding.
13 Other than for animal feeding.
14 Other than for animal feeding.
15 Other than products covered by Protocol 3 of the European Economic Area agreement.
16 Other than products covered by Protocol 3 of the European Economic Area agreement.
17 Other than products covered by Protocol 3 of the European Economic Area agreement.
18 Other than fish product.
19 Other than products covered by Protocol 3 of the European Economic Area agreement.
20 Other than products covered by Protocol 3 of the European Economic Area agreement.
21 Other than products covered by Protocol 3 of the European Economic Area agreement.

2001.9009	-- Other	2001 90 99	Other, excluding potatoes and products thereof
2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid	2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid
2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid	2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid
2004[22]	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen:	2004[23]	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006:
2004.9002	-- Globe artichokes	ex 2004 90 98	Globe artichokes.
2004.9003	-- Green or black olives	ex 2004 90 30	Green or black olives
2004.9004	-- Green peas and beans	2004 90 50	Peas (*Pisum sativum*) and immature beans of the species *Phaseolus* spp., in pod
2004.9005	-- Preparations with a basis of flours of leguminous plants	ex 2004 90 98	Preparations with a basis of flours of leguminous plants
2004.9009	-- Other	ex 2004 90 98	Other, excluding products containing meat in a proportion of 3% up to and including 20% by weight
2005[24]	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen:	2005[25]	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006:
2005.1000	- Homogenised vegetables	2005 10 00	Homogenised vegetables
2005.4000	- Peas (*Pisum sativum*)	2005 40 00	Peas (*Pisum sativum*)
	- Beans (*Vigna* spp., *Phaseolus* spp.):		Beans (*Vigna* spp., *Phaseolus* spp.):
2005.5100	- Beans, shelled	2005 51 00	Beans, shelled
2005.5900	-- Other	2005 59 00	Other
2005.6000	- Asparagus	2005 60 00	Asparagus
2005.7000	- Olives	2005 70	Olives
	- Other vegetables and mixtures of vegetables:	2005 90	Other vegetables and mixtures of vegetables:
2005.9009	- Other	ex 2005 90 80	Other, excluding products containing meat in a proportion of 3% up to and including 20% by weight

[22] Other than products covered by Protocol 3 of the European Economic Area agreement.
[23] Other than products covered by Protocol 3 of the European Economic Area agreement.
[24] Other than products covered by Protocol 3 of the European Economic Area agreement.
[25] Other than products covered by Protocol 3 of the European Economic Area agreement.

2008[26]	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	2008[27]	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter
ex Chapter 22, Beverages, spirits and vinegar:			
Icelandic code	Icelandic description of products	EC code	EC description of products
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow	2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009	2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009
ex chapter 23, Residues and waste from the food industries; prepared animal fodder:			
Icelandic code	Icelandic description of products	EC code	EC description of products
ex 2309 ex 2309.1000	Preparations of a kind used in animal feeding: Dog or cat food, put up for retail sale, containing no starch or containing not more than 30% by weight of starch and containing no milk products or containing less than 10% by weight of such products	ex 2309 2309 10 11 2309 10 31	Preparations of a kind used in animal feeding: Dog or cat food, put up for retail sale, containing no starch or containing not more than 30% by weight of starch and containing no milk products or containing less than 10% by weight of such products
Chapter 24[28], Tobacco and manufactured tobacco substitutes			

[26] Other than products covered by Protocol 3 of the European Economic Area agreement.
[27] Other than products covered by Protocol 3 of the European Economic Area agreement.
[28] Other than products covered by Protocol 3 of the European Economic Area agreement.

ANNEX II

Tariff quotas granted by the European Community

The EC will open the following annual tariff quota for the following products originating in Iceland (*)

EC custom tariff heading	Description of products	Annual quantity	Rate of duty
ex 0204	meat of sheep, fresh, chilled or frozen	1850 tons (net weight)	0
ex 0405	natural butter	20 tons (net weight)	0
ex 1601	sausages	15 tons (net weight)	0

* the quotas shall apply annually unless otherwise specified.

ANNEX III

Tariff quotas granted by Iceland

Iceland will open the following annual tariff quotas for the following products originating in the European Community (*)

Icelandic custom tariff heading	Description of products	Annual quantity	Rate of duty
0208.9003	ptarmigans, frozen	15 tons (net weight)	0
ex 0406	cheese with protected designation of origin or protection geographical indication (**)	20 tons (net drained weight)	0
0701.9001	potatoes, fresh or chilled, with a minimal length of 65 mm	25 tons (net weight)	0
ex 1601	sausages	15 tons (net weight)	0

* the quotas shall apply annually unless otherwise specified.

** registered under Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin of agricultural products and foodstuffs (OJ L 93, 31.3.2006, p. 12).

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

1. NAME OF THE PROPOSAL

Proposal for a Council Decision relating to the conclusion of the Agreement in the form of an Exchange of Letters between the European Community and Republic of Iceland concerning trade preferences in agricultural products undertaken on the basis of Article 19 of the Agreement on the European Economic Area

2. BUDGET LINES

Chapter 10 – Article 1000: Agricultural duties.

Amount estimated for the year 2007: EUR 1 486,9 million (APB 2007).

3. FINANCIAL IMPACT

☒ 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[29]	12 month period, starting 1.1.2007, and the following years
Article 100-1000	*Impact on own resources*	– 0,2
Article	*Impact on own resources*	–

Situation following action (*)				
	2007	2008	2009	2010
Article 100-1000				
Article …	–	–	–	–

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

(*) The agreement includes new concessions on imports from Iceland for certain agricultural products. With respect to the budgetary income, it is estimated that the measure implies an impact of a possible loss of around –0,2 Mio €, on the forecasts established for 2007 and following years.

With respect to the expenditure, it can be considered that the measure has no financial impact.

[29] Amounts indicated are net amounts, i.e. gross amounts after deduction of 25 % of collection costs.