COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.3.2006
COM(2006) 146 final

2006/0049 (ACC)
2006/0050 (ACC)

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and Malaysia

Proposal for a

COUNCIL REGULATION

concerning the implementation of the Agreement concluded by the EC following negotiations in the framework of Article XXIV.6 of GATT 1994, supplementing Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. In the context of enlarging the customs union the provisions of GATT Article XXIV.6 oblige the EC to enter into negotiations with third countries having negotiating rights in any of the acceding Members in order to agree on compensatory adjustment if the adoption of the EC's external tariff regime results in an increase in tariff beyond the level for which the acceding country has bound itself at the WTO, whilst taking 'due account of reductions of duties on the same tariff line made by other constituents of the customs union upon its formation'.

2. On 22 March 2004, the Council authorised the Commission to open negotiations under Article XXIV.6 of the GATT 1994 (COM proposal 6792/04 WTO 34).

3. Negotiations have been conducted by the Commission in consultation with the Committee established by Article 133 of the Treaty and within the framework of the negotiating directives issued by the Council.

4. The Commission has negotiated with the Members of the WTO holding negotiations rights with respect to the withdrawal of specific concessions in relation to the withdrawal of the schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic, in the course of the accession to the European Community.

5. The negotiations have resulted in an Agreement in the form of an exchange of letters with Malaysia.

6. This proposal asks the Council to approve this agreement.

2006/0049 (ACC)

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and Malaysia

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Whereas:

(1) On 22 March 2004 the Council authorised the Commission to open negotiations with certain other Members of the WTO under Article XXIV.6 of the GATT 1994, in the course of the accessions to the European Community of Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic.

(2) Negotiations have been conducted by the Commission in consultation with the Committee established by Article 133 of the Treaty and within the framework of the negotiating directives issued by the Council.

(3) The Commission has finalised negotiations for an Agreement in the form of an Exchange of Letters between the European Community and Malaysia. This agreement should be approved.

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an Exchange of Letters between the European Community and Malaysia with respect to the withdrawal of specific concessions in relation to the withdrawal of the schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of accession to the European Community; are hereby approved on behalf of the Community.

The text of the Agreement is annexed to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Agreement in the form of an Exchange of Letters referred to in Article 1 in order to bind the Community.

Done at Brussels,

For the Council
The President

AGREEMENT

In the form of an exchange of letters between the European Community and Malaysia

relating to the modification of concessions in the schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of accession to the European Union.

Letter from the European Communities

Geneva,

Sir,

Following the initiation of negotiations between the European Communities (EC) and Malaysia under Article XXIV:6 and Article XXVIII of GATT 1994 for the modification of concessions in the schedules of Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of their accession to the EC, the following is agreed between the EC and Malaysia with a view to close the negotiations opened following the EC's notification of 19 January 2004 pursuant to Article XXIV:6 (GATT):

- 15119019 (Solid palm oil fractions, whether or not refined, but not chemically modified, in packing of >1 kg.): A lower applied rate of 10.0%.

- 85254099 (Still-image video cameras): A lower applied rate of 12.5%.

The lower applied rates indicated above are to be applied for three years.

The exact tariff descriptions of the EC-15 shall apply to all tariff lines above.

The EC shall incorporate in its schedule CLX, for the customs territory of EC 25, the concessions that were included in its previous schedule.

This agreement shall enter into force on the date of signature, following the approval by the parties in accordance with their own procedures.

On behalf of the European Community

AGREEMENT

In the form of an exchange of letters between the European Community and Malaysia

relating to the modification of concessions in the schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of accession to the European Union.

Letter from Malaysia

Geneva,

Sir,

Reference is made to your letter saying:

"Following the initiation of negotiations between the European Communities (EC) and Malaysia under Article XXIV:6 and Article XXVIII of GATT 1994 for the modification of concessions in the schedules of Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of their accession to the EC, the following is agreed between the EC and Malaysia with a view to close the negotiations opened following the EC's notification of 19 January 2004 pursuant to Article XXIV:6 (GATT):

- 15119019 (Solid palm oil fractions, whether or not refined, but not chemically modified, in packing of >1 kg.): A lower applied rate of 10.0%.

- 85254099 (Still-image video cameras): A lower applied rate of 12.5%.

The lower applied rates indicated above are to be applied for three years.

The exact tariff descriptions of the EC-15 shall apply to all tariff lines above.

The EC shall incorporate in its schedule CLX, for the customs territory of EC 25, the concessions that were included in its previous schedule.

This agreement shall enter into force on the date of signature, following the approval by the parties in accordance with their own procedures."

I hereby have the honour to express my government's agreement

On behalf of Malaysia

FINANCIAL STATEMENT					DATE: 31-01-2006
1.	BUDGET HEADING: Chapter 10 – Agricultural duties				APPROPRIATIONS: 1.108 M€
2.	TITLE: Proposal for a Council Decision on the conclusion of an Agreement in the form of an exchange of letters between the European Community and Malaysia relating to compensatory adjustment as provided for by Article XXIV:6 of the GATT 1994.				
3.	LEGAL BASIS: Article 133 of the Treaty				
4.	AIMS: To comply with Article XXIV:6 of the GATT 1994 in relation to the enlargement of the Customs Union as of 1 May 2004.				
5.	FINANCIAL IMPLICATIONS:	12 MONTH PERIOD (Mio EUR)	CURRENT FINANCIAL YEAR (Mio EUR)		FOLLOWING FINANCIAL YEAR (Mio EUR)
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER	-	-		-
5.1	REVENUES - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	- 1.108 (1)		(1)
		[n+2]	[n+3]	[n+4]	[n+5]
5.0.1	ESTIMATED EXPENDITURE	-	-	-	-
5.1.1	ESTIMATED REVENUE	(1)	(1)	(1)	(1)
5.2	METHOD OF CALCULATION:				
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				N/A
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				N/A
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?				NO
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?				NO
OBSERVATIONS:					

EXPLANATORY MEMORANDUM

(1) Reference is made to Council Decision XXXX, regarding the conclusion of an Agreement with Malaysia following negotiations in the framework of Article XXIV:6 of the GATT 1994.

(2) The present proposal for a Council Regulation implements the Agreement entered into by the Community.

2006/0050 (ACC)

Proposal for a

COUNCIL REGULATION

concerning the implementation of the Agreement concluded by the EC following negotiations in the framework of Article XXIV.6 of GATT 1994, supplementing Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

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[1],

Whereas:

(1) Council Regulation (EEC) No 2658/87(1) established a goods nomenclature, hereinafter referred to as the "Combined Nomenclature", and set out the conventional duty rates of the Common Customs Tariff.

(2) By its decision XX/XXX/EC concerning the conclusion of Agreements in the form of an Exchange of Letters between the European Community and Malaysia, the Council approved, on behalf of the Community, the before mentioned Agreement with a view to closing negotiations initiated pursuant to Article XXIV:6 of GATT 1994.

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EEC) No 2658/87 shall be supplemented as shown in the Annex to this Regulation.

[1] OJ C , , p. .

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

ANNEX

Notwithstanding the rules for the interpretation of the Combined Nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the concessions being determined, within the context of this Annex, by the coverage of the CN codes as they exist at the time of adoption of the current regulation. Where ex CN codes are indicated, the concessions are to be determined by application of the CN code and corresponding description taken together.

Part Two **Schedule of Customs duties.**		
CN code	**Description**	**Duty rate**
1511 9019	Solid palm oil fractions, whether or not refined, but not chemically modified, in packing of >1kg	An applied rate of 10.0% (1)
8525 4099	Other video camera recorders other than those only able to record sound and images taken by the televison "camera"	Implemented through Council Regulation XXX

(1) The lower applied rate indicated above is to be applied for three years or until the implementation of the results of the Doha Development Agenda Round reaches the tariff level above, whichever comes first.