COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.11.2006
COM(2006) 715 final

2006/0233 (ACC)
2006/0234 (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 Brazil.

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, amending and 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 Brazil.

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

2006/0233 (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 Brazil.

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 Brazil. 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 Brazil 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 Brazil

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 Community.

Letter from the European Communities

Brussels,

Sir,

Following the initiation of negotiations between the European Communities (EC) and Brazil under Article XXIV:6 and Article XXVIII of GATT 1994 for 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 their accession to the EC, the following is agreed between the EC and Brazil in order to conclude the negotiations initiated following the EC's notification of 19 January 2004 to the WTO pursuant to Article XXIV:6 of GATT 1994.

The EC agrees to incorporate in its Schedule for the customs territory of EC 25, the concessions that were included in its previous schedule of EC 15.

The EC agrees that it will incorporate in its Schedule for the EC 25 the concessions contained in the Annex to this Agreement.

This Agreement shall enter into force upon the date on which the EC and Brazil have exchanged letters of agreement, following consideration by the parties in accordance with their own procedures. The EC shall use its best endeavours to put in place the appropriate implementing measures before 1 November and no later than 1 January 2007.

On behalf of the European Community

AGREEMENT

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

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 Communities.

Letter from Brazil

[place],

Sir,

Reference is made to your letter stating:

"Following the initiation of negotiations between the European Communities (EC) and Brazil under Article XXIV:6 and Article XXVIII of GATT 1994 for 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 their accession to the EC, the following is agreed between the EC and Brazil in order to conclude the negotiations initiated following the EC's notification of 19 January 2004 to the WTO pursuant to Article XXIV:6 of GATT 1994.

The EC agrees to incorporate in its Schedule for the customs territory of EC 25, the concessions that were included in its previous schedule of EC 15.

The EC agrees that it will incorporate in its Schedule for the EC 25 the concessions contained in the Annex to this agreement.

This Agreement shall enter into force upon the date on which the EC and Brazil have exchanged letters of agreement, following consideration by the parties in accordance with their own procedures. The EC shall use its best endeavours to put in place the appropriate implementing measures before 1 November and no later than 1 January 2007.

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

On behalf of Brazil

Annex

- a country allocated (Brazil) tariff rate quota 10124 tonnes of raw cane sugar for refining (tariff item number 1701 1110), at in quota rate of 98€/t,

- a country allocated (Brazil) tariff rate quota 2332 tonnes of 'cuts of fowls of the species Gallus domesticus' (tariff item numbers 0207 1410, 0207 1450, 0207 1470), at in quota rate of 0%,

- add 49 tonnes (erga omnes) in the EC tariff rate quota for 'chicken carcass, fresh, chilled or frozen', (tariff item numbers 0207 1110, 0207 1130, 0207 1190, 0207 1210, 0207 1290), at in-quota rate of 131-162 €/t,

- add 4070 tonnes (erga omnes) in the EC tariff rate quota for 'chicken cuts, fresh, chilled or frozen' (tariff item numbers 0207 1310, 0207 1320, 0207 1330, 0207 1340, 0207 1350, 0207 1360, 0207 1370, 0207 1420, 0207 1430, 0207 1440, 0207 1460), at in-quota rate of 93-512 €/t,

- add 1605 tonnes (erga omnes) in the EC tariff rate quota for 'cuts of fowls' (tariff item number 0207 14 10), at in quota rate of 795 €/t,

- add 201 tonnes (erga omnes) in the EC tariff rate quota for 'turkey meat, fresh, chilled or frozen (tariff item numbers 0207 2410, 0207 2490, 0207 2510, 0207 2590, 0207 2610, 0207 2620, 0207 2630, 0207 2640, 0207 2650, 0207 2660, 0207 2670, 0207 2680, 0207 2730, 0207 2740, 0207 2750, 0207 2760, 0207 2770), at in-quota rate of 93-425€/t,

- add 2485 tonnes (erga omnes) in the EC tariff rate quota for 'turkey cuts, frozen' (tariff item numbers 0207 2710, 0207 2720, 0207 2780), at in-quota rate of 0%,

- open a tariff rate quota 242 074 tonnes (erga omnes) for maize (tariff item numbers 1005 9000, 1005 1090), at in quota rate of 0%,

- open a tariff rate quota 2838 tonnes (erga omnes) for preserved pineapples, citrus fruit, pears, apricots, cherries, peaches and strawberries (tariff item numbers 2008 2011, 2008 2019, 2008 2031, 2008 2039, 2008 2071, 2008 3011, 2008 3019, 2008 3031, 2008 3039, 2008 3079, 2008 4011, 2008 4019, 2008 4021, 2008 4029, 2008 4031, 2008 4039, 2008 5011, 2008 5019, 2008 5031, 2008 5039, 2008 5051, 2008 5059, 2008 5071, 2008 6011, 2008 6019, 2008 6031, 2008 6039, 2008 6060, 2008 7011, 2008 7019, 2008 7031, 2008 7039, 2008 7051, 2008 7059, 2008 8011, 2008 8019, 2008 8031, 2008 8039, 2008 8070), at in quota rate of 20%,

- open a tariff rate quota 7044 tonnes (erga omnes) for fruit juices (tariff item numbers 2009 1111, 2009 1119, 2009 1911, 2009 1919, 2009 2911, 2009 2919, 2009 3911, 2009 3919, 2009 4911, 2009 4919, 2009 7911, 2009 7919, 2009 8011, 2009 8019, 2009 8032, 2009 8033, 2009 8035, 2009 8036, 2009 8038, 2009 9011, 2009 9019, 2009 9021, 2009 9029), at in quota rate of 20%,

- eliminate the ad valorem duty of 9% on protein concentrates (tariff item number 2106 1080),

- open a tariff rate quota 107 tonnes (erga omnes) for chocolate (tariff item number 1806), at in quota rate of 43%,

- reduce the EC bound duty of 11.2 MIN 22.0€/100 kg/net MAX 56.0€/100 kg/net to 10 MIN 22.0€/100 kg/net MAX 56.0€/100 kg/net for tobacco (tariff item number 2401 1090),

- adjust the description of the EC tariff rate quota for high quality beef (5000 tonnes) to: 'boneless high quality meat of bovine animals fresh, chilled or frozen', indicating supplying country Brazil.

FINANCIAL STATEMENT					DATE: 11-07-2006
1.	BUDGET HEADING: Chapter 10 – Agricultural duties				APPROPRIATIONS: 4.960 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 Brazil 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 X of the GATT 1994 in relation to the enlargement of the Customs Union as of 1 May 2004				
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR [n] (EUR million)	FOLLOWING FINANCIAL YEAR [n+1] (EUR million)	
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER				
5.1	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL		- 4.960 M€ (1)		
		[n+2]	[n+3]	[n+4]	[n+5]
5.0.1 5.1.1	ESTIMATED EXPENDITURE ESTIMATED REVENUE				
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 Brazil 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.

2006/0234 (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, amending and 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[2] 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 Brazil, 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

In Regulation (EEC) No 2658/87 Annex I shall be amended with the duties and supplemented with the volumes shown in the annex to this Regulation.

Article 2

Annex 7 of Section III of Part Three (WTO tariff quotas to be opened by the Competent Community authorities) shall be amended as follows:

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1 OJ C , , p. .

2 OJ L 256, 7.9.1987, p. 1. Regulation as last amended by Regulation (EC) No […]/2006 (OJ L […], […], p. […]

a) adjust the definition of the EC tariff rate quota of 5000 tonnes 'Boneless "high quality" meat: "Beef cuts obtained from steers (novilhos) or heifers (novilhas) aged between 20 and 24 months, which have been exclusively pasture grazed, have lost their central temporary incisors but do not have more than four permanent incisor teeth, which are of a good maturity and which meet the following beef carcase classification requirements: meat from B or R class carcases with rounded to straight conformation and a fat-cover class of 2 or 3; the cuts bearing the letters "sc" (special cuts) or an "sc" (special cuts) label as a sign of their high quality will be boxed in cartons bearing the words "high quality beef"' to 'Boneless high quality meat of bovine animals fresh, chilled or frozen'.

b) Insert under "other terms and conditions" the text: "Supplying country Brazil"

Article 3

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**
2106 1080	Protein concentrates	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
2401 1090	Tobacco	Reduce the EC bound duty of 11.2 MIN 22.0 € / 100 kg / net MAX 56.0 € / 100 kg / net to 10 MIN 22.0 € / 100 kg / net MAX 56.0 € / kg / net

Part Three **Tariff Annexes**		
CN code	**Description**	**Duty rate**
1701 1110	Raw cane sugar for refining	A country allocated (Brazil) tariff rate quota 10124 tonnes at in-quota rate of 98 € / tonne
0207 1410 0207 1450 0207 1470	Frozen cuts of fowls of the species Gallus domesticus	A country allocated (Brazil) tariff rate quota 2332 tonnes at in-quota rate of 0%
0207 1110	Chicken carcass, fresh, chilled or frozen	Implemented

0207 1130 0207 1190 0207 1210 0207 1290		through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
0207 1310 0207 1320 0207 1330 0207 1340 0207 1350 0207 1360 0207 1370 0207 1420 0207 1430 0207 1440 0207 1460	Chicken cuts, fresh, chilled or frozen	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
0207 1410	Cuts of fowls	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
0207 2410 0207 2490 0207 2510 0207 2590 0207 2610 0207 2620 0207 2630 0207 2640 0207 2650 0207 2660 0207 2670 0207 2680 0207 2730 0207 2740 0207 2750 0207 2760 0207 2770	Turkey meat, fresh, chilled or frozen	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
0207 2710 0207 2720 0207 2780	Turkey cuts, frozen	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
1005 9000 1005 1090	Maize	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)

2008 2011 2008 2019 2008 2031 2008 2039 2008 2071 2008 3011 2008 3019 2008 3031 2008 3039 2008 3079 2008 4011 2008 4019 2008 4021 2008 4029 2008 4031 2008 4039 2008 5011 2008 5019 2008 5031 2008 5039 2008 5051 2008 5059 2008 5071 2008 6011 2008 6019 2008 6031 2008 6039 2008 6060 2008 7011 2008 7019 2008 7031 2008 7039 2008 7051 2008 7059 2008 8011 2008 8019 2008 8031 2008 8039 2008 8070	Preserved pineapples, citrus fruit, pears, apricots, cherries, peaches and strawberries	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)
2009 1111 2009 1119 2009 1911 2009 1919 2009 2911 2009 2919 2009 3911 2009 3919 2009 4911 2009 4919	Fruit juices	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)

2009 7911 2009 7919 2009 8011 2009 8019 2009 8034 2009 8035 2009 8036 2009 8038 2009 9011 2009 9019 2009 9021 2009 9029		
1806	Chocolate	Implemented through Council Regulation (EC) No 711/2006 (OJ L 124, 11.5.2006, p.1)

The exact tariff description of the EC-15 shall apply to all tariff lines and quotas above.