



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

on the conclusion of Agreements in the form of an Exchange of Letters between the European Community and Japan and between the European Community and New Zealand

Proposal for a

COUNCIL REGULATION

concerning the implementation of the Agreements concluded by the EC following negotiations in the framework of Article XXIV.6 of GATT 1994, amending 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 EC 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 such 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 negotiating 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 agreements in the form of an exchange of letters with the following countries: Japan and New Zealand.
6. This proposal asks the Council to approve these agreements.

Proposal for a

COUNCIL DECISION

on the conclusion of Agreements in the form of an Exchange of Letters between the European Community and between the European Community and New Zealand

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 Agreements in the form of an Exchange of Letters between the European Community and Japan and between the European Community and New Zealand. These agreements should be approved.

HAS DECIDED AS FOLLOWS:

Article 1

The Agreements in the form of an Exchange of Letters between the European Community and Japan and the European Community and New Zealand 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 texts of the Agreements are annexed to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Agreements 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*

ANNEX

Negotiations between the European Community and Japan under GATT Article XXIV:6

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, 14 July 2005

Sir,

I have the honour to refer the recent negotiations between the European Communities (EC) and the Government of Japan 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, which opened following the EC's notification of 19 January 2004 pursuant to Article XXIV.6 (GATT).

I have further the honour to convey you the view of the European Community that the following has been achieved as the result of the said negotiations:

85254099: A lower applied rate of 12.5%,

37023219: A lower applied rate of 1.3%,

85254019: A lower applied rate of 1.2%

The lower applied rates indicated above are to be applied for four years or until the implementation of the results of the Doha Development Agenda Round reaches the tariff level above, whichever comes first. The period of four years indicated above will begin at the date when the measures described in this letter will be implemented.

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

After the EC and the Government of Japan confirm to share the view with the above result of the negotiation, following consideration in accordance with their own procedures, the EC will implement the above results as soon as possible in accordance with its domestic procedures, and in any case no later than 1 January 2006.

Please confirm that the Government of Japan shares the view with the above.

On behalf of the European Communities

AGREEMENT

In the form of an exchange of letters between the European Community and New Zealand 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, 12 July 2005

Sir,

Following the initiation of negotiations between the European Communities (EC) and New Zealand 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 New Zealand with a view to concluding the negotiations opened 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.

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

New Zealand accepts the basic components of the EC's approach to adjusting the GATT obligations of the EC-15 and those 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 following the recent enlargement of the EC: netting out of export commitments; netting out of tariff quotas; and aggregation of domestic support commitments. The applicable legal modalities for implementation shall draw on the precedent from the last EU enlargement.

This agreement shall enter into force on the date of New Zealand's letter in reply indicating its agreement, following consideration by the parties in accordance with their own procedures. The EC undertakes to use its best endeavours to ensure that the appropriate implementing measures are in place as soon as possible, though no later than 1 January 2006.

Consultations may be held at any time with regard to any matter in this Agreement at the request of either Party.

On behalf of the European Community

<u>FINANCIAL STATEMENT</u>			
1. BUDGET HEADING: Chapter 10 – Agricultural duties Chapter 12 – Customs duties		APPROPRIATIONS: 14.06 M€uros	
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 Japan and exchange of letters between the European Community and New Zealand 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 st May 2004			
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2005 (EUR million)	FOLLOWING FINANCIAL YEAR 2006 (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		-14.06 (1)	
	[n+2]	[n+3]	[n+4] [n+5]
5.0.1 ESTIMATED EXPENDITURE			
5.1.1 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?			YES NO
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			YES NO
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES NO
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES NO
OBSERVATIONS:			

EXPLANATORY MEMORANDUM

- (1) Reference is made to Council Decision XXXX, regarding the conclusion of Agreements with Japan and New Zealand following negotiations in the framework of Article XXIV:6 of the GATT 1994.
- (2) The present proposal for a Council Regulation implements the Agreements entered into by the Community.

Proposal for a

COUNCIL REGULATION

concerning the implementation of the Agreements concluded by the EC following negotiations in the framework of Article XXIV.6 of GATT 1994, amending 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 Commission¹,

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 Japan as well as the Exchange of Letters between the European Community and New Zealand, the Council approved, on behalf of the Community, the before mentioned Agreements 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 amended as shown in the Annex to this Regulation.

Article 2

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

¹ OJ C , , p. .

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
3702 32 19	Photographic film in rolls; for colour photography; other	A lower applied rate of 1.3% (1)
8525 40 19	Still image video cameras; still image video cameras; other	A lower applied rate of 1.2% (1)
8525 40 99	Still image video cameras; other video camera recorders; other	A lower applied rate of 12.5% (1)
<p>Annex 7 WTO Tariff Quotas to be opened by the Competent community authorities (Qualification for these quotas is subject to conditions laid down in the relevant Community provisions)</p>		
CN Code	Description	Other terms and conditions
Tariff item number 0204	Quota for sheep meat; 'meat of sheep or goats, fresh, chilled or frozen'	add 1154 tonnes (carcase weight) to the allocation for New Zealand
Tariff item number ex 040510	Butter of New Zealand origin, at least 6 weeks old, of a fat content by weight of not less than 80% but less than 82%, manufactured directly from milk or cream without the use of stored materials, in a single, self-contained and uninterrupted process'	add 735 tonnes to the allocation for New Zealand

Tariff item numbers ex 02012090, ex 02013000, ex 02022090, ex 020230, ex 02061095 and ex 02062991	‘high quality’ beef; ‘selected chilled or frozen premium beef cuts derived from exclusively pasture-grazed bovine animals which do not have more than four permanent incisor teeth in wear, the carcasses of which have a dressed weight of not more than 325 kilograms, a compact appearance with a good eye of meat of light and uniform colour and adequate but not excessive fat cover. All cuts will be vacuum packaged and referred to as high quality beef’	add 1000 tonnes
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(1) The lower applied rates indicated above are to be applied for four years or until the implementation of the results of the Doha Development Agenda Round reaches the tariff level above, whichever comes first.